DIRECT TESTIMONY

OF

JOHN J. SPANOS

ON BEHALF OF

SOUTH CAROLINA ELECTRIC & GAS COMPANY

DOCKET NO. 2009-489-E

Q. PLEASE STATE YOUR NAME AND ADDRESS.

A. My name is John J. Spanos. My business address is 207 Senate Avenue, Camp Hill, Pennsylvania, 17011.

Q. ARE YOU ASSOCIATED WITH ANY FIRM?

A. Yes. I am associated with the firm of Gannett Fleming, Inc.

Q. HOW LONG HAVE YOU BEEN ASSOCIATED WITH GANNETT FLEMING, INC.?

A. I have been associated with the firm since college graduation in June 1986.

Q. WHAT IS YOUR POSITION WITH THE FIRM?

A. I am Vice President of the Valuation and Rate Division.

Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?

A. I have Bachelor of Science degrees in Industrial Management and Mathematics from Carnegie-Mellon University and a Master of Business Administration from York College of Pennsylvania.

Q. DO YOU BELONG TO ANY PROFESSIONAL SOCIETIES?

A. Yes. I am a member of the Society of Depreciation Professionals and the American Gas Association/Edison Electric Institute Industry Accounting Committee.

Q. DO YOU HOLD ANY SPECIAL CERTIFICATION AS A DEPRECIATION EXPERT?

A. Yes. The Society of Depreciation Professionals has established national standards for depreciation professionals. The Society administers an examination to become certified in this field. I passed the certification exam in September 1997, and was recertified in August 2003 and February 2008.

Q. PLEASE OUTLINE YOUR EXPERIENCE IN THE FIELD OF DEPRECIATION.

A. In June 1986, I was employed by Gannett Fleming Valuation and Rate Consultants, Inc. as a Depreciation Analyst. During the period June 1986 through

December 1995, I assisted in the preparation of numerous depreciation and original cost studies for utility companies in various industries. I assisted in the conduct of depreciation studies for the following telephone companies: United Telephone Company of Pennsylvania, United Telephone Company of New Jersey and Anchorage Telephone Utility. In addition, I assisted in the conduct of depreciation studies for the following companies in the railroad industry: Union Pacific Railroad, Burlington Northern Railroad and Wisconsin Central Transportation Corporation.

I assisted in the preparation of depreciation studies for the following organizations in the electric industry: Chugach Electric Association, the Cincinnati Gas & Electric Company (CG&E), The Union Light, Heat and Power Company (ULH&P), Northwest Territories Power Corporation and the City of Calgary - Electric System.

I assisted in the preparation of depreciation studies for the following pipeline companies: TransCanada Pipelines Limited, Trans Mountain Pipe Line Company Ltd., Interprovincial Pipe Line Inc., Nova Gas Transmission Limited and Lakehead Pipeline Company.

I assisted in the preparation of depreciation studies for the following gas companies: Columbia Gas of Pennsylvania, Columbia Gas of Maryland, The Peoples Natural Gas Company, T. W. Phillips Gas & Oil Company, CG&E, ULH&P, Lawrenceburg Gas Company and Penn Fuel Gas, Inc.

I assisted in the preparation of depreciation studies for the following water companies: Indiana-American Water Company, Consumers Pennsylvania Water Company and The York Water Company; and depreciation and original cost studies for Philadelphia Suburban Water Company and Pennsylvania-American Water Company. In each of the above studies, I assembled and analyzed historical and simulated data, performed field reviews, developed preliminary estimates of service life and net salvage, calculated annual depreciation, and prepared reports for submission to state public utility commissions or Federal regulatory agencies.

In January 1996, I was assigned to the position of Supervisor of Depreciation Studies. In July 1999, I was promoted to the position of Manager, Depreciation and Valuation Studies. In December 2000, I attained my current position of Vice President.

I am responsible for conducting depreciation, valuation and original cost studies, including the preparation of final exhibits and responses to data requests for submission to the appropriate regulatory bodies. Since January 1996, I have conducted depreciation studies similar to those previously listed including assignments for Pennsylvania-American Water Company; Aqua Pennsylvania; Kentucky-American Water Company; Virginia-American Water Company; Indiana-American Water Company; Hampton Water Works Company; Omaha Public Power District; Enbridge Pipe Line Company; Inc.; Columbia Gas of

Virginia, Inc.; Virginia Natural Gas Company National Fuel Gas Distribution Corporation - New York and Pennsylvania Divisions; The City of Bethlehem - Bureau of Water; The City of Coatesville Authority; The City of Lancaster - Bureau of Water; Peoples Energy Corporation; The York Water Company; Public Service Company of Colorado; Enbridge Pipelines; Enbridge Gas Distribution, Inc.; Reliant Energy-HLP; Massachusetts-American Water Company; St. Louis County Water Company; Missouri-American Water Company; Chugach Electric Association; Alliant Energy; Oklahoma Gas & Electric Company; Nevada Power Company; Dominion Virginia Power; NUI-Virginia Gas Companies; Pacific Gas & Electric Company; PSI Energy; NUI - Elizabethtown Gas Company; Cinergy Corporation – CG&E; Cinergy Corporation – ULH&P; Columbia Gas of Kentucky; South Carolina Electric & Gas Company; Idaho Power Company; El Paso Electric Company; Central Hudson Gas & Electric; Centennial Pipeline Company; CenterPoint Energy-Arkansas; CenterPoint Energy – Oklahoma; CenterPoint Energy – Entex; CenterPoint Energy - Louisiana; NSTAR – Boston Edison Company; Westar Energy, Inc.; United Water Pennsylvania; PPL Electric Utilities; PPL Gas Utilities; Wisconsin Power & Light Company; TransAlaska Pipeline; Avista Corporation; Northwest Natural Gas; Allegheny Energy Supply, Inc.; Public Service Company of North Carolina; South Jersey Gas Company; Duquesne Light Company; MidAmerican Energy Company; Laclede Gas; Duke Energy Company; E.ON U.S. Services Inc.; Elkton Gas Services; Anchorage

Water and Wastewater Utility; Kansas City Power and Light; Duke Energy North Carolina; Duke Energy South Carolina; Duke Energy Ohio Gas; Duke Energy Kentucky; Duke Energy Indiana; Northern Indiana Public Service Company; Tennessee-American Water Company; Columbia Gas of Maryland; Bonneville Power Administration; NSTAR Electric and Gas Company; EPCOR Distribution, Inc.; B. C. Gas Utility, Ltd; Entergy Arkansas; Entergy Texas; Entergy Mississippi; Entergy Louisiana and Entergy Gulf States Louisiana. My additional duties include determining final life and salvage estimates, conducting field reviews, presenting recommended depreciation rates to management for its consideration and supporting such rates before regulatory bodies.

Q. HAVE YOU SUBMITTED TESTIMONY TO ANY REGULATORY COMMISSIONS ON THE SUBJECT OF UTILITY PLANT DEPRECIATION?

A. Yes. I have submitted testimony to the Pennsylvania Public Utility Commission; the Commonwealth of Kentucky Public Service Commission; the Public Utilities Commission of Ohio; the Nevada Public Utility Commission; the Public Utilities Board of New Jersey; the Missouri Public Service Commission; the Massachusetts Department of Telecommunications and Energy; the Alberta Energy & Utility Board; the Idaho Public Utility Commission; the Louisiana Public Service Commission; the State Corporation Commission of Kansas; the

Oklahoma Corporate Commission; the Public Service Commission of South Carolina; the Railroad Commission of Texas – Gas Services Division; the New York Public Service Commission; the Illinois Commerce Commission; the Indiana Utility Regulatory Commission; the California Public Utilities Commission; the Federal Energy Regulatory Commission ("FERC"); the Arkansas Public Service Commission; the Public Utility Commission of Texas; the Maryland Public Service Commission; the Washington Utilities and Transportation Commission; the Tennessee Regulatory Commission; the District of Columbia Public Service Commission; the Mississippi Public Service Commission; the Regulatory Commission of Alaska; and the North Carolina Utilities Commission.

Q. HAVE YOU RECEIVED ANY ADDITIONAL EDUCATION RELATING TO UTILITY PLANT DEPRECIATION?

A. Yes. I have completed the following courses conducted by Depreciation Programs, Inc.: "Techniques of Life Analysis," "Techniques of Salvage and Depreciation Analysis," "Forecasting Life and Salvage," "Modeling and Life Analysis Using Simulation" and "Managing a Depreciation Study."

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. My testimony will support and explain the depreciation study conducted under my direction and supervision for the electric utility plant of South Carolina Electric & Gas Company ("SCE&G" or "Company"). The study represents all electric and common plant assets.

Q. PLEASE DEFINE THE CONCEPT OF DEPRECIATION.

A. Depreciation refers to the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of utility plant in the course of service from causes that can be reasonably anticipated or contemplated, against which the Company is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, obsolescence, changes in the art, changes in demand and the requirements of public authorities.

Q. PLEASE IDENTIFY EXHIBIT NO. ___ (JJS-1).

A. Exhibit No. ___ (JJS-1) is a report entitled, "Depreciation Study - Calculated Annual Depreciation Accruals Related to Electric and Common Plant as of December 31, 2008." This report sets forth the results of my depreciation study for SCE&G. It is attached to this testimony and made a part hereof by this reference.

Q. IS EXHIBIT NO. ___ (JJS-1) A TRUE AND ACCURATE COPY OF YOUR DEPRECIATION STUDY?

A. Yes.

Q. WAS EXHIBIT NO. ___ (JJS-1) PREPARED UNDER YOUR DIRECTION AND CONTROL?

A. Yes.

Q. DOES EXHIBIT NO. ___ (JJS-1) ACCURATELY PORTRAY THE RESULTS OF YOUR DEPRECIATION STUDY AS OF DECEMBER 31, 2008?

A. Yes.

Q. WHAT WAS THE PURPOSE OF YOUR DEPRECIATION STUDY?

A. The purpose of the depreciation study was to determine the annual depreciation accruals related to electric and common plant in service for ratemaking purposes and the appropriate average service lives and net salvage percents for each plant account.

Q. PLEASE DESCRIBE THE CONTENTS OF YOUR REPORT.

A. My report is presented in three parts. Part I, Introduction, presents the scope and basis for the depreciation study. Part II, Methods Used in the Estimation of Depreciation, includes descriptions of the basis of the study, the estimation of survivor curves and net salvage and the calculation of annual and accrued depreciation. Part III, Results of Study, presents a description of the results and a summary of the depreciation calculations.

The tables on pages III-3 through III-10 present the estimated survivor curve, the net salvage percent, the original cost as of December 31, 2008, the book reserve and the calculated annual depreciation accrual and rate for each account or subaccount for the companies.

Q. PLEASE EXPLAIN HOW YOU PERFORMED YOUR DEPRECIATION STUDY.

A. I used the straight line remaining life method of depreciation, with the average service life procedure. The annual depreciation is based on a method of depreciation accounting that seeks to distribute the unrecovered cost of fixed capital assets over the estimated remaining useful life of each unit, or group of assets, in a systematic and rational manner.

For General Plant Accounts 391.1, 391.2, 391.21, 391.3, 391.9, 393.0, 394.1, 394.2, 394.3, 394.4, 395.1, 395.2, 395.3, 397.0, and 398.0, and Common Plant Accounts 691.1, 691.2, 691.21, 691.3, 693.0, 694.1, 694.3, 694.4, 695.2,

695.3, 697.0, 697.8, and 698.0, I used the straight line remaining life method of amortization. The annual amortization is based on amortization accounting that distributes the unrecovered cost of fixed capital assets over the remaining amortization period selected for each account and vintage.

Q. HOW DID YOU DETERMINE THE RECOMMENDED ANNUAL DEPRECIATION ACCRUAL RATES?

A. I did this in two phases. In the first phase, I estimated the service life and net salvage characteristics for each depreciable group, that is, each plant account or subaccount identified as having similar characteristics. In the second phase, I calculated the composite remaining lives and annual depreciation accrual rates based on the service life and net salvage estimates determined in the first phase.

Q. PLEASE DESCRIBE THE FIRST PHASE OF THE DEPRECIATION STUDY, IN WHICH YOU ESTIMATED THE SERVICE LIFE AND NET SALVAGE CHARACTERISTICS FOR EACH DEPRECIABLE GROUP.

A. The service life and net salvage study consisted of compiling historic data from records related to SCE&G's plant; analyzing these data to obtain historic trends of survivor and net salvage characteristics; obtaining supplementary information from SCE&G's management and operating personnel concerning practices and plans as they relate to plant operations; and interpreting the above

data and the estimates used by other electric utilities to form judgments about average service life and net salvage characteristics.

Q. WHAT HISTORIC DATA DID YOU ANALYZE FOR THE PURPOSE OF ESTIMATING SERVICE LIFE CHARACTERISTICS?

A. I analyzed the Company's accounting entries that record plant transactions during the period 1911 through 2008. The transactions included additions, retirements, transfers and the related balances. The Company records also included surviving dollar value by year installed for each plant account as of December 31, 2008.

Q. WHAT METHOD DID YOU USE TO ANALYZE THIS SERVICE LIFE DATA?

A. I used the retirement rate method. This is the most appropriate method when aged retirement data are available, because this method determines the average rates of retirement actually experienced by the Company during the period of time covered by the study.

Q. PLEASE DESCRIBE HOW YOU USED THE RETIREMENT RATE METHOD TO ANALYZE SCE&G'S SERVICE LIFE DATA.

A. I applied the retirement rate method to each different group of property in the study. For each property group, I used the retirement rate method to form a life table which, when plotted, shows an original survivor curve for that property group. Each original survivor curve represents the average survivor pattern experienced by the several vintage groups during the experience band studied. The survivor patterns do not necessarily describe the life characteristics of the property group; therefore, interpretation of the original survivor curves is required in order to use them as valid considerations in estimating service life. The Iowa type survivor curves were used to perform these interpretations.

Q. WHAT IS AN "IOWA TYPE SURVIVOR CURVE" AND HOW DID YOU USE SUCH CURVES TO ESTIMATE THE SERVICE LIFE CHARACTERISTICS FOR EACH PROPERTY GROUP?

A. Iowa type curves are a widely used group of generalized survivor curves that contain the range of survivor characteristics usually experienced by utilities and other industrial companies. The Iowa curves were developed at the Iowa State College Engineering Experiment Station through an extensive process of observing and classifying the ages at which various types of property used by utilities and other industrial companies had been retired.

Iowa type curves are used to smooth and extrapolate original survivor curves determined by the retirement rate method. The Iowa curves and truncated

Iowa curves were used in this study to describe the forecasted rates of retirement based on the observed rates of retirement and the outlook for future retirements.

The estimated survivor curve designations for each depreciable property group indicate the average service life, the family within the Iowa system to which the property group belongs, and the relative height of the mode. For example, the Iowa 55-R2 indicates an average service life of fifty-five years; a right-moded, or R, type curve (the mode occurs after average life for right-moded curves); and a moderate height, 2, for the mode (possible modes for R type curves range from 1 to 5).

Q. WHAT APPROACH DID YOU USE TO ESTIMATE THE LIVES OF SIGNIFICANT STRUCTURES AND PRODUCTION FACILITIES?

A. I used the life span technique to estimate the lives of significant facilities for which concurrent retirement of the entire facility is anticipated. In this technique, the survivor characteristics of such facilities are described by the use of interim survivor curves and estimated probable retirement dates. The interim survivor curve describes the rate of retirement related to the replacement of elements of the facility, such as, for a building, the retirements of plumbing, heating, doors, windows, roofs, etc., that occur during the life of the facility. The probable retirement date provides the rate of final retirement for each year of installation for the facility by truncating the interim survivor curve for each

installation year at its attained age at the date of probable retirement. The use of interim survivor curves truncated at the date of probable retirement provides a consistent method for estimating the lives of the several years of installation for a particular facility inasmuch as a single concurrent retirement for all years of installation will occur when it is retired.

Q. HAS GANNETT FLEMING USED THIS APPROACH IN OTHER PROCEEDINGS?

A. Yes, we have used the life span technique in performing depreciation studies presented to many public utility commissions across the United States and Canada, including in South Carolina.

Q. ARE THE FACTORS CONSIDERED IN YOUR ESTIMATES OF SERVICE LIFE AND NET SALVAGE PERCENTS PRESENTED IN EXHIBIT NO. ___ (JJS-1)?

A. Yes. A discussion of the factors considered in the estimation of service lives and net salvage percents are presented on pages II-19 through II-30 of Exhibit No. ___ (JJS-1).

Q. DID YOU PHYSICALLY OBSERVE SCE&G'S PLANT AND EQUIPMENT AS PART OF YOUR DEPRECIATION STUDY?

A. Yes. I made a field review of SCE&G's property to observe representative portions of plant. Field reviews are conducted to become familiar with Company operations and obtain an understanding of the function of the plant and information with respect to the reasons for past retirements and the expected future causes of retirements. This knowledge was incorporated in the interpretation and extrapolation of the statistical analyses.

Q. WOULD YOU PLEASE EXPLAIN THE CONCEPT OF "NET SALVAGE"?

A. Net salvage is a component of the service value of capital assets that is recovered through depreciation rates. The service value of an asset is its original cost less its net salvage. Net salvage is the salvage value received for the asset upon retirement less the cost to retire the asset. When the cost to retire exceeds the salvage value, the result is negative net salvage.

Inasmuch as depreciation expense is the loss in service value of an asset during a defined period, e.g. one year, it must include a ratable portion of both the original cost and the net salvage. That is, the net salvage related to an asset should be incorporated in the cost of service during the same period as its original cost so that customers receiving service from the asset pay rates that include a portion of both elements of the asset's service value, the original cost and the net salvage value.

For example, the full recovery of the service value of a $1000 pole will include not only the $1000 of original cost, but also, on average, $300 to remove the pole at the end of its life and $50 in salvage value. In this example, the net salvage component is negative $250 ($50 - $300), and the net salvage percent is negative 25% (($50 - $300)/$1000).

Q. PLEASE DESCRIBE HOW YOU ESTIMATED NET SALVAGE PERCENTS.

A. I estimated the net salvage percents incorporating the historical data for the period 1987 through 2008 and considered estimates for other electric companies.

Q. PLEASE DESCRIBE THE SECOND PHASE OF THE PROCESS THAT YOU USED IN THE DEPRECIATION STUDY IN WHICH YOU CALCULATED COMPOSITE REMAINING LIVES AND ANNUAL DEPRECIATION ACCRUAL RATES.

A. After I estimated the service life and net salvage characteristics for each depreciable property group, I calculated the annual depreciation accrual rates for each group based on the straight line remaining life method, using remaining lives weighted consistent with the average service life procedure. The calculation of annual depreciation accrual rates were developed as of December 31, 2008.

Q. PLEASE DESCRIBE THE STRAIGHT LINE REMAINING LIFE METHOD OF DEPRECIATION.

A. The straight line remaining life method of depreciation allocates the original cost of the property, less accumulated depreciation, less future net salvage, in equal amounts to each year of remaining service life.

Q. PLEASE DESCRIBE AMORTIZATION ACCOUNTING.

A. Amortization accounting is used for accounts with a large number of units, but small asset values. In amortization accounting, units of property are capitalized in the same manner as they are in depreciation accounting. However, depreciation accounting is difficult for these assets because periodic inventories are required to properly reflect plant in service. Consequently, retirements are recorded when a vintage is fully amortized rather than as the units are removed from service. That is, there is no dispersion of retirement. All units are retired when the age of the vintage reaches the amortization period. Each plant account or group of assets is assigned a fixed period which represents an anticipated life during which the asset will render service. For example, in amortization accounting, assets that have a 20-year amortization period will be fully recovered after 20 years of service and taken off the Company books, but not necessarily removed from service. In contrast, assets that are taken out of service before 20

years remain on the books until the amortization period for that vintage has expired.

Q. AMORTIZATION ACCOUNTING IS BEING IMPLEMENTED FOR WHICH PLANT ACCOUNTS?

A. Amortization accounting is only appropriate for certain General and Common Plant accounts. These accounts are General Accounts 391.1, 391.2, 391.21, 391.3, 391.9, 393.0, 394.1, 394.2, 394.3, 394.4, 395.1, 395.2, 395.3, 397.0, and 398.0, and Common Plant Accounts 691.1, 691.2, 691.21, 691.3, 693.0, 694.1, 694.3, 694.4, 695.2, 695.3, 697.0, 697.8, and 698.0, which represent less than one percent of depreciable plant.

Q. PLEASE USE AN EXAMPLE TO ILLUSTRATE THE DEVELOPMENT OF THE ANNUAL DEPRECIATION ACCRUAL RATE FOR A PARTICULAR GROUP OF PROPERTY IN YOUR DEPRECIATION STUDY.

A. I will use Account 364.0, Poles, Towers and Fixtures, as an example because it is one of the largest depreciable groups for mass accounts and represents an easily understood asset.

The retirement rate method was used to analyze the survivor characteristics of this property group. Aged plant accounting data were compiled from 1940

through 2008 and analyzed in periods that best represent the overall service life of this property. The life tables for the 1940-2008 and 1989-2008 experience bands are presented in Exhibit No. ___ (JJS-2), which is attached hereto. The 1940-2008 life table displays the retirement and surviving ratios of the aged plant data exposed to retirement by age interval. For example, page 2 of Exhibit No. ___ (JJS-2), shows $346,908 retired during age interval 0.5-1.5 with $338,590,591 exposed to retirement at the beginning of the interval. Consequently, the retirement ratio is 0.0010 ($346,908/$338,590,591) and the surviving ratio is .9990 (1-.0010). The life table, or original survivor curve, is plotted along with the estimated smooth survivor curve, the 44-R1.5 on page 1 of Exhibit No. ___ (JJS-2).

My calculation of the annual depreciation related to original cost of electric utility plant at December 31, 2008, is presented on pages 1 and 2 of Exhibit No. ___ (JJS-3), which is attached hereto. The calculation is based on the 44-R1.5 survivor curve, 25% negative net salvage, the attained age, and the allocated book reserve. The tabulation sets forth the installation year, the original cost, calculated accrued depreciation, allocated book reserve, future accruals, remaining life and annual accrual. These totals are brought forward to the table on page III-7.

Q. IN YOUR OPINION, ARE THE DEPRECIATION AND AMORTIZATION RATES SET FORTH IN EXHIBIT NO. ___ (JJS-1) THE APPROPRIATE

RATES FOR THE COMMISSION TO ADOPT IN THIS PROCEEDING FOR SCE&G?

A. Yes. These rates appropriately reflect the rates at which the value of SCE&G's assets is being consumed over their useful lives. These rates are an appropriate basis for setting electric rates in this matter and for the Company to use in booking depreciation and amortization expense going forward.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

SOUTH CAROLINA ELECTRIC & GAS COMPANY

COLUMBIA, SOUTH CAROLINA

DEPRECIATION STUDY

CALCULATED ANNUAL DEPRECIATION ACCRUALS

RELATED TO ELECTRIC AND COMMON PLANT

AS OF DECEMBER 31, 2008

SOUTH CAROLINA ELECTRIC & GAS COMPANY

Columbia, South Carolina

DEPRECIATION STUDY

CALCULATED ANNUAL DEPRECIATION ACCRUALS

RELATED TO ELECTRIC AND COMMON PLANT

AS OF DECEMBER 31, 2008

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION

Harrisburg, Pennsylvania

Gannett Fleming

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November 20, 2009

South Carolina Electric & Gas Company
1426 Main Street
Columbia, SC 29201

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Attention Mr. Barry T. Burnette
Director Corporate Taxes
Plans and Payroll

Ladies & Gentlemen:

Pursuant to your request, we have conducted a depreciation study related to the electric and common plant of South Carolina Electric & Gas Company as of December 31, 2008. The attached report presents a description of the methods used in the estimation of depreciation and the summary of annual and accrued depreciation.

Respectfully submitted,

GANNETT FLEMING, INC.

John J. Spanos

JOHN J. SPANOS
Vice President
Valuation and Rate Division

JJS:krm

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PART I. INTRODUCTION

SOUTH CAROLINA ELECTRIC & GAS COMPANY

DEPRECIATION STUDY

CALCULATED ANNUAL DEPRECIATION ACCRUALS
RELATED TO ELECTRIC AND COMMON PLANT
AS OF DECEMBER 31, 2008

PART I. INTRODUCTION

SCOPE

This report presents the results of the depreciation study prepared for South Carolina Electric & Gas Company ("Company") as applied to electric and common plant in service as of December 31, 2008. It relates to the concepts, methods and basic judgments which underlie recommended annual depreciation accrual rates related to current electric plant in service.

The service life and net salvage estimates resulting from the study were based on informed judgment which incorporated analyses of historical plant retirement data as recorded through 2008; a review of Company practice and outlook as they relate to plant operation and retirement; and consideration of current practice in the electric industry, including knowledge of service life and salvage estimates used for other electric properties.

PLAN OF REPORT

Part I includes brief statements of the scope and basis of the study. Part II presents descriptions of the methods used in the service life and salvage studies and the methods and procedures used in the calculation of depreciation. Part III presents the results of the study, including depreciation rates, accruals and calculated remaining lives.

BASIS OF STUDY

Depreciation

For most accounts, the annual depreciation was calculated by the straight line method using the average service life procedure and the remaining life basis. For certain General Plant accounts, the annual depreciation was based on amortization accounting. The calculated remaining lives and annual depreciation accrual rates were based on attained ages of plant in service and the estimated service life and salvage characteristics of each depreciable group.

Survivor Curve and Net Salvage Estimates

The procedure for estimating survivor curves, which define service lives and remaining lives, consisted of compiling historical service life data for the plant accounts or other depreciable groups, analyzing the historical data base through the use of accepted techniques, and forecasting the survivor characteristics for each depreciable account or group. These forecasts were based on interpretations of the historical data analyses and the probable future. The combination of the historical data and the estimated future trend yields a complete pattern of life characteristics, i.e., a survivor curve, from which the average service life and remaining service life are derived.

The historical data analyzed for life estimation purposes were compiled through 2008 from the Company's plant accounting records. Such data included plant additions, retirements, transfers and other activity recorded by the Company for each of its plant accounts and subaccounts.

The estimates of net salvage by account incorporated a review of experienced costs of removal and salvage related to plant retirements by function, and consideration of trends exhibited by the historical data. Each component of net salvage, i.e., cost of removal and salvage, was stated in dollars and as a percent of retirement.

An understanding of the function of the plant and information with respect to the reasons for past retirements and the expected causes of future retirements was obtained through field trips and discussions with operating and management personnel. The supplemental information obtained in this manner was considered in the interpretation and extrapolation of the statistical analyses.

Calculation of Depreciation

The depreciation accrual rates were calculated using the straight line method, the remaining life basis and the average service life depreciation procedure. The life span technique was used for certain facilities. In this technique, an average date of final retirement was estimated for each such facility, and the estimated survivor curves applied to each vintage were truncated at ages coinciding with the dates of final retirement.

The continuation of amortization accounting for certain accounts is recommended because of the disproportionate plant accounting effort required when compared to the minimal original cost of the large number of items in these accounts. An explanation of the calculation of annual and accrued amortization is presented on page II-32 of the report.

PART II. METHODS USED IN

THE ESTIMATION OF DEPRECIATION

PART II. METHODS USED IN THE ESTIMATION OF DEPRECIATION

DEPRECIATION

Depreciation, as defined in the Uniform System of Accounts, is the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of electric plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand, requirements of public authorities, and, in the case of natural electric companies, the exhaustion of natural resources.

Depreciation, as used in accounting, is a method of distributing fixed capital costs, less net salvage, over a period of time by allocating annual amounts to expense. Each annual amount of such depreciation expense is part of that year's total cost of providing utility service. Normally, the period of time over which the fixed capital cost is allocated to the cost of service is equal to the period of time over which an item renders service, that is, the item's service life. The most prevalent method of allocation is to distribute an equal amount of cost to each year of service life. This method is known as the straight line method of depreciation.

The calculation of annual depreciation based on the straight line method requires the estimation of average life and salvage. These subjects are discussed in the sections which follow.

SERVICE LIFE AND NET SALVAGE ESTIMATION

Average Service Life

The use of an average service life for a property group implies that the various units in the group have different lives. Thus, the average life may be obtained by determining the separate lives of each of the units, or by constructing a survivor curve by plotting the number of units which survive at successive ages. A discussion of the general concept of survivor curves is presented. Also, the Iowa type survivor curves are reviewed.

Survivor Curves

The survivor curve graphically depicts the amount of property existing at each age throughout the life of an original group. From the survivor curve, the average life of the group, the remaining life expectancy, the probable life, and the frequency curve can be calculated. In Figure 1, a typical smooth survivor curve and the derived curves are illustrated. The average life is obtained by calculating the area under the survivor curve, from age zero to the maximum age, and dividing this area by the ordinate at age zero. The remaining life expectancy at any age can be calculated by obtaining the area under the curve, from the observation age to the maximum age, and dividing this area by the percent surviving at the observation age. For example, in Figure 1, the remaining life at age 30 is equal to the crosshatched area under the survivor curve divided by 29.5 percent surviving at age 30. The probable life at any age is developed by adding the age and remaining life. If the probable life of the property is calculated for each year of age, the probable life curve shown in the chart can be developed. The frequency curve presents the number of units retired in each age interval and is derived by obtaining the differences between the amount of property surviving at the beginning and at the end of each interval.

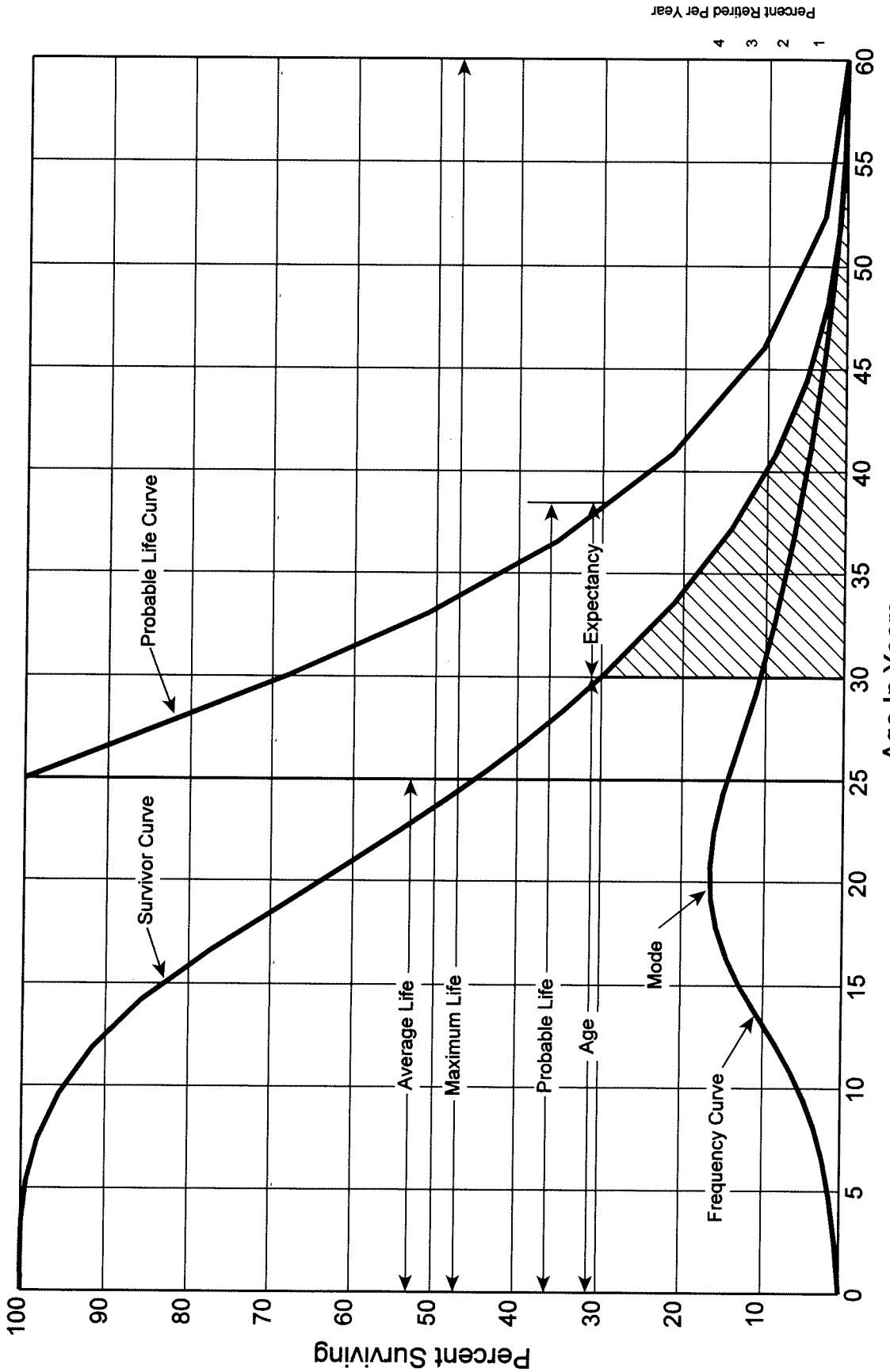

Figure 1. A Typical Survivor Curve and Derived Curves

Iowa Type Curves. The range of survivor characteristics usually experienced by utility and industrial properties is encompassed by a system of generalized survivor curves known as the Iowa type curves. There are four families in the Iowa system, labeled in accordance with the location of the modes of the retirements in relationship to the average life and the relative height of the modes. The left moded curves, presented in Figure 2, are those in which the greatest frequency of retirement occurs to the left of, or prior to, average service life. The symmetrical moded curves, presented in Figure 3, are those in which the greatest frequency of retirement occurs at average service life. The right moded curves, presented in Figure 4, are those in which the greatest frequency occurs to the right of, or after, average service life. The origin moded curves, presented in Figure 5, are those in which the greatest frequency of retirement occurs at the origin, or immediately after age zero. The letter designation of each family of curves (L, S, R or O) represents the location of the mode of the associated frequency curve with respect to the average service life. The numbers represent the relative heights of the modes of the frequency curves within each family.

The Iowa curves were developed at the Iowa State College Engineering Experiment Station through an extensive process of observation and classification of the ages at which industrial property had been retired. A report of the study which resulted in the classification of property survivor characteristics into 18 type curves, which constitute three of the four families, was published in 1935 in the form of the Experiment Station's Bulletin 125.[1] These type curves have also been presented in subsequent Experiment Station

[1]Winfrey, Robley. Statistical Analyses of Industrial Property Retirements. Iowa State College, Engineering Experiment Station, Bulletin 125. 1935.

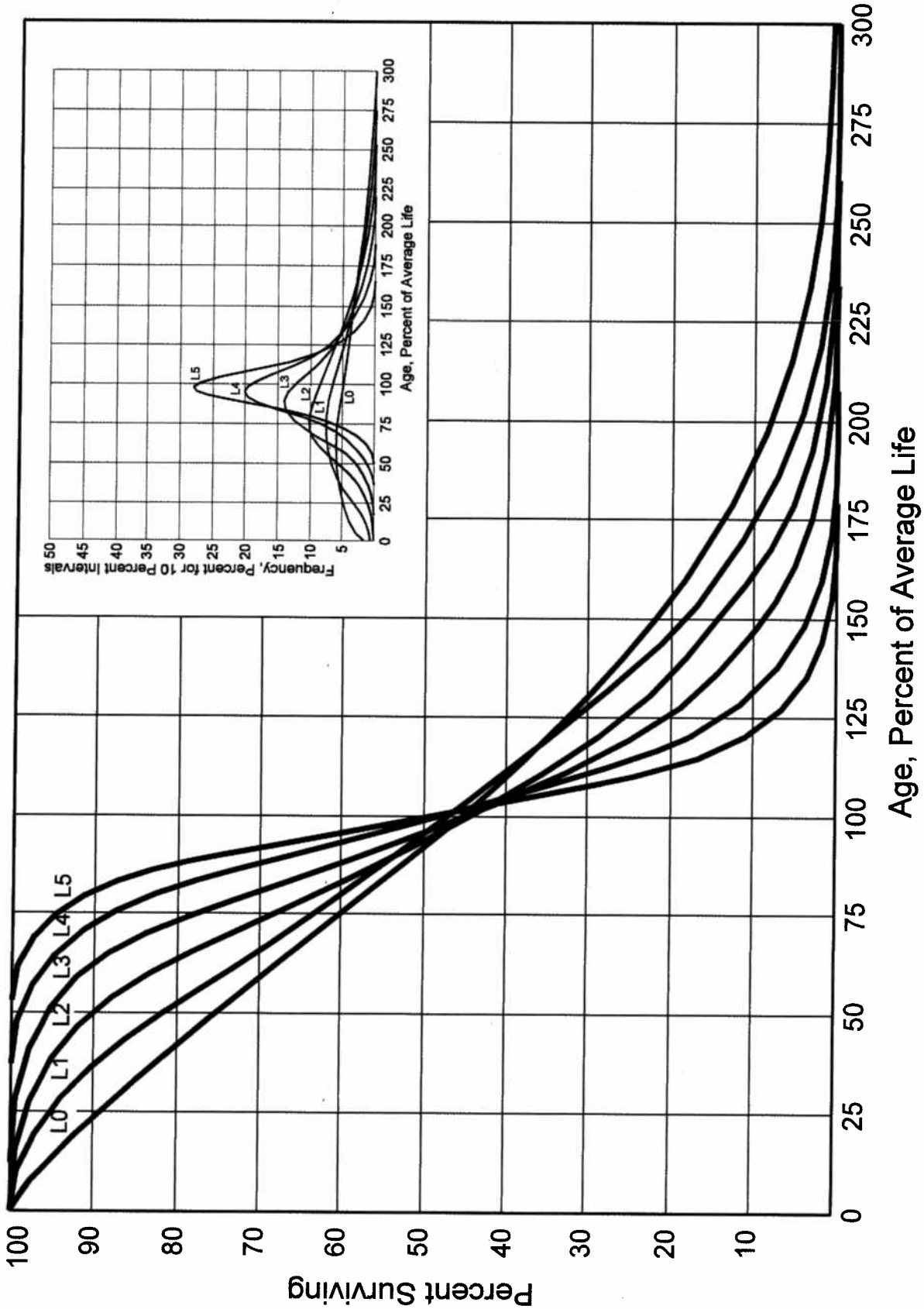

Figure 2. Left Modal or "L" Iowa Type Survivor Curves

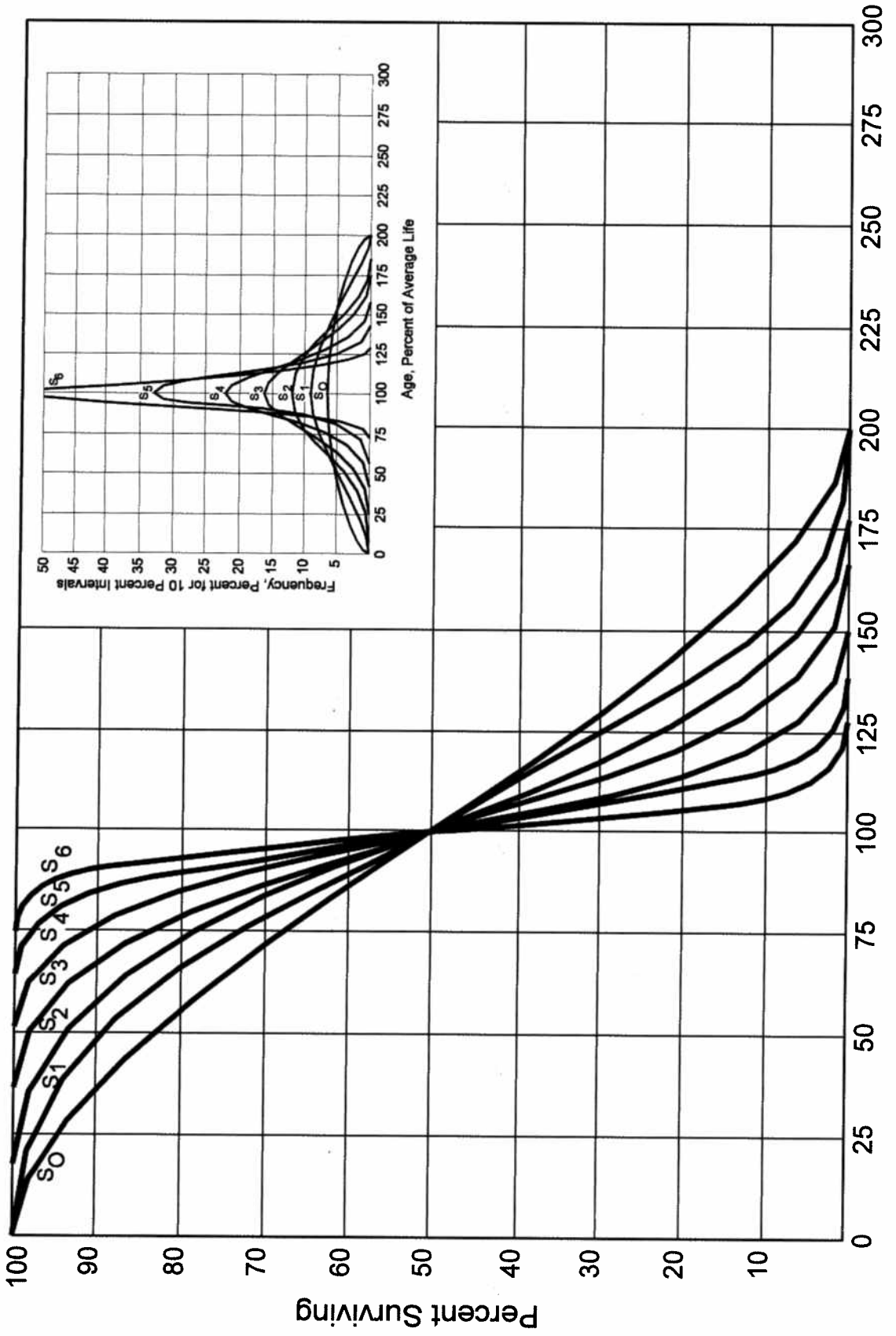

Figure 3. Symmetrical or "S" Iowa Type Survivor Curves

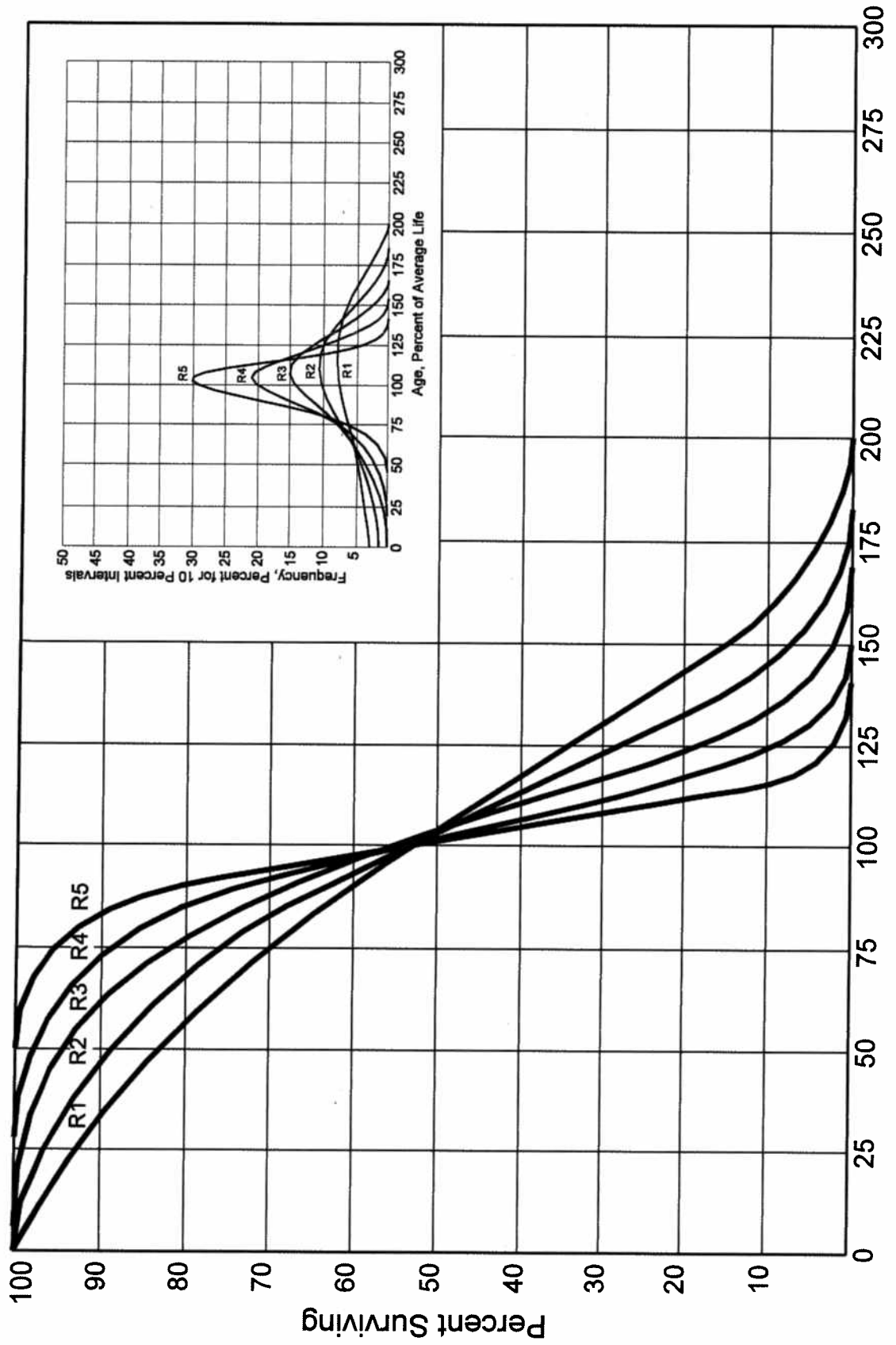

Figure 4. Right Modal or "R" Iowa Type Survivor Curves

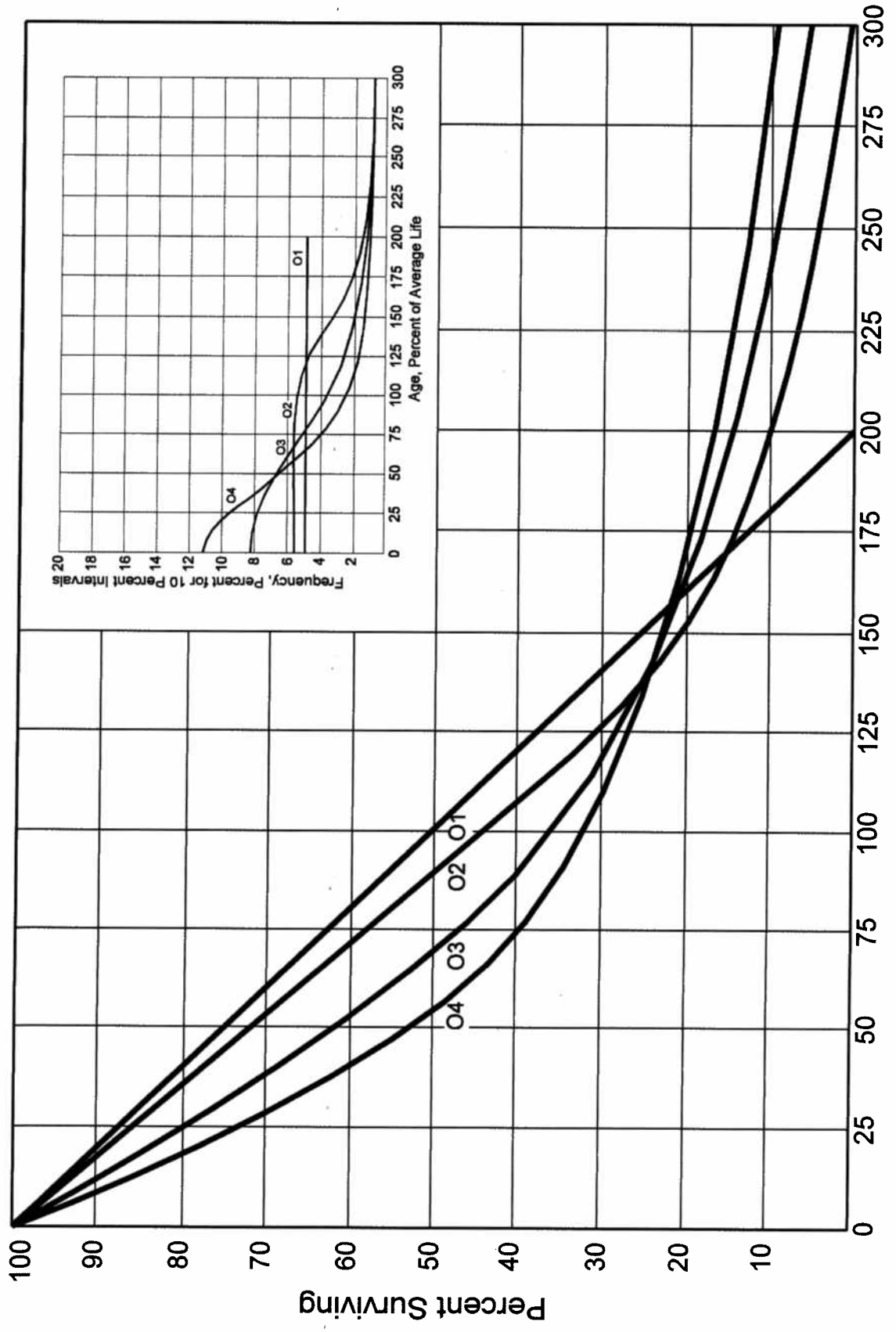

Figure 5. Origin Modal or "O" Iowa Type Survivor Curves

bulletins and in the text, "Engineering Valuation and Depreciation."[2] In 1957, Frank V. B. Couch, Jr., an Iowa State College graduate student, submitted a thesis[3] presenting his development of the fourth family consisting of the four O type survivor curves.

Retirement Rate Method of Analysis

The retirement rate method is an actuarial method of deriving survivor curves using the average rates at which property of each age group is retired. The method relates to property groups for which aged accounting experience is available or for which aged accounting experience is developed by statistically aging unaged amounts and is the method used to develop the original stub survivor curves in this study. The method (also known as the annual rate method) is illustrated through the use of an example in the following text, and is also explained in several publications, including "Statistical Analyses of Industrial Property Retirements,"[4] "Engineering Valuation and Depreciation,"[5] and "Depreciation Systems."[6]

The average rate of retirement used in the calculation of the percent surviving for the survivor curve (life table) requires two sets of data: first, the property retired during a period of observation, identified by the property's age at retirement; and second, the property exposed to retirement at the beginnings of the age intervals during the same

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[2]Marston, Anson, Robley Winfrey and Jean C. Hempstead. Engineering Valuation and Depreciation, 2nd Edition. New York, McGraw-Hill Book Company. 1953.

[3]Couch, Frank V. B., Jr. "Classification of Type O Retirement Characteristics of Industrial Property." Unpublished M.S. thesis (Engineering Valuation). Library, Iowa State College, Ames, Iowa. 1957.

[4]Winfrey, Robley, Supra Note 1.

[5]Marston, Anson, Robley Winfrey, and Jean C. Hempstead, Supra Note 2.

[6]Wolf, Frank K. and W. Chester Fitch. Depreciation Systems. Iowa State University Press. 1994

period. The period of observation is referred to as the experience band, and the band of years which represent the installation dates of the property exposed to retirement during the experience band is referred to as the placement band. An example of the calculations used in the development of a life table follows. The example includes schedules of annual aged property transactions, a schedule of plant exposed to retirement, a life table and illustrations of smoothing the stub survivor curve.

Schedules of Annual Transactions in Plant Records. The property group used to illustrate the retirement rate method is observed for the experience band 1999-2008 during which there were placements during the years 1994-2008. In order to illustrate the summation of the aged data by age interval, the data were compiled in the manner presented in Tables 1 and 2 on pages II-12 and II-13. In Table 1, the year of installation (year placed) and the year of retirement are shown. The age interval during which a retirement occurred is determined from this information. In the example which follows, $10,000 of the dollars invested in 1994 were retired in 1999. The $10,000 retirement occurred during the age interval between 4½ and 5½ years on the basis that approximately one-half of the amount of property was installed prior to and subsequent to July 1 of each year. That is, on the average, property installed during a year is placed in service at the midpoint of the year for the purpose of the analysis. All retirements also are stated as occurring at the midpoint of a one-year age interval of time, except the first age interval which encompasses only one-half year.

The total retirements occurring in each age interval in a band are determined by summing the amounts for each transaction year-installation year combination for that age

TABLE 1. RETIREMENTS FOR EACH YEAR 1999-2008
SUMMARIZED BY AGE INTERVAL

Experience Band 1999-2008

Placement Band 1994-2008

Year Placed (1)	Retirements, Thousands of Dollars During Year 1999 (2)	2000 (3)	2001 (4)	2002 (5)	2003 (6)	2004 (7)	2005 (8)	2006 (9)	2007 (10)	2008 (11)	Total During Age Interval (12)	Age Interval (13)
1994	10	11	12	13	14	16	23	24	25	26	26	13½-14½
1995	11	12	13	15	16	18	20	21	22	19	44	12½-13½
1996	11	12	13	14	16	17	19	21	22	18	64	11½-12½
1997	8	9	10	11	11	13	14	15	16	17	83	10½-11½
1998	9	10	11	12	13	14	16	17	19	20	93	9½-10½
1999	4	9	10	11	12	13	14	15	16	20	105	8½-9½
2000		5	11	12	13	14	15	16	18	20	113	7½-8½
2001			6	12	13	15	16	17	19	19	124	6½-7½
2002				6	13	15	16	17	19	19	131	5½-6½
2003				7		14	16	17	19	20	143	4½-5½
2004						8	18	20	22	23	146	3½-4½
2005							9	20	22	25	150	2½-3½
2006								11	23	25	151	1½-2½
2007									11	24	153	½-1½
2008	—	—	—	—	—	—	—	—	—	13	80	0-½
Total	53	68	86	106	128	157	196	231	273	308	1,606	

TABLE 2. OTHER TRANSACTIONS FOR EACH YEAR 1999-2008
SUMMARIZED BY AGE INTERVAL

Experience Band 1999-2008

Placement Band 1994 -2008

Year Placed (1)	Acquisitions, Transfers and Sales, Thousands of Dollars During Year 1999 (2)	2000 (3)	2001 (4)	2002 (5)	2003 (6)	2004 (7)	2005 (8)	2006 (9)	2007 (10)	2008 (11)	Total During Age Interval (12)	Age Interval (13)
1994	-	-	-	-	-	-	60[a]	-	-	-	-	13½-14½
1995	-	-	-	-	-	-	-	-	-	-	-	12½-13½
1996	-	-	-	-	-	-	-	-	-	-	-	11½-12½
1997	-	-	-	-	-	-	-	(5)[b]	-	-	60	10½-11½
1998	-	-	-	-	-	-	-	6[a]	-	-	-	9½-10½
1999		-	-	-	-	-	-	-	-	-	(5)	8½-9½
2000		-	-	-	-	-	-	-	-	-	6	7½-8½
2001			-	-	-	-	-	-	-	-	-	6½-7½
2002				-	-	-	-	(12)[b]	-	-	-	5½-6½
2003					-	-	-	-	22[a]	-	-	4½-5½
2004						-	-	(19)[b]	-	-	10	3½-4½
2005							-	-	-	-	-	2½-3½
2006								-	-	(102)[c]	(121)	1½-2½
2007									-	-	-	½-1½
2008	—	—	—	—	—	—	—	—	—	—	-	0-½
Total	-	-	-	-	-	-	60	(30)	22	(102)	(50)	

[a] Transfer Affecting Exposures at Beginning of Year
[b] Transfer Affecting Exposures at End of Year
[c] Sale with Continued Use
Parentheses denote Credit amount.

interval. For example, the total of $143,000 retired for age interval 4½-5½ is the sum of the retirements entered on Table 1 immediately above the stairstep line drawn on the table beginning with the 1999 retirements of 1994 installations and ending with the 2008 retirements of the 2003 installations. Thus, the total amount of 143 for age interval 4½-5½ equals the sum of:

10 + 12 + 13 + 11 + 13 + 13 + 15 + 17 + 19 + 20.

In Table 2, other transactions which affect the group are recorded in a similar manner. The entries illustrated include transfers and sales. The entries which are credits to the plant account are shown in parentheses. The items recorded on this schedule are not totaled with the retirements, but are used in developing the exposures at the beginning of each age interval.

Schedule of Plant Exposed to Retirement. The development of the amount of plant exposed to retirement at the beginning of each age interval is illustrated in Table 3 on page II-15.

The surviving plant at the beginning of each year from 1999 through 2008 is recorded by year in the portion of the table headed "Annual Survivors at the Beginning of the Year." The last amount entered in each column is the amount of new plant added to the group during the year. The amounts entered in Table 3 for each successive year following the beginning balance or addition are obtained by adding or subtracting the net entries shown on Tables 1 and 2. For the purpose of determining the plant exposed to retirement, transfers-in are considered as being exposed to retirement in this group at the beginning of the year in which they occurred, and the sales and transfers-out are considered to be removed from the plant exposed to retirement at the beginning of the

TABLE 3. PLANT EXPOSED TO RETIREMENT
JANUARY 1 OF EACH YEAR 1999-2008
SUMMARIZED BY AGE INTERVAL

Experience Band 1999-2008

Placement Band 1994-2008

Year Placed (1)	Exposures, Thousands of Dollars — Annual Survivors at the Beginning of the Year										Total at Beginning of Age Interval (12)	Age Interval (13)
	1999 (2)	2000 (3)	2001 (4)	2002 (5)	2003 (6)	2004 (7)	2005 (8)	2006 (9)	2007 (10)	2008 (11)		
1994	255	245	234	222	209	195	239	216	192	167	167	13½-14½
1995	279	268	256	243	228	212	194	174	153	131	323	12½-13½
1996	307	296	284	271	257	241	224	205	184	162	531	11½-12½
1997	338	330	321	311	300	289	276	262	242	226	823	10½-11½
1998	376	367	357	346	334	321	307	297	280	261	1,097	9½-10½
1999	420[a]	416	407	397	386	374	361	347	332	316	1,503	8½-9½
2000		460[a]	455	444	432	419	405	390	374	356	1,952	7½-8½
2001			510[a]	504	492	479	464	448	431	412	2,463	6½-7½
2002				580[a]	574	561	546	530	501	482	3,057	5½-6½
2003					660[a]	653	639	623	628	609	3,789	4½-5½
2004						750[a]	742	724	685	663	4,332	3½-4½
2005							850[a]	841	821	799	4,955	2½-3½
2006								960[a]	949	926	5,719	1½-2½
2007									1,080[a]	1,069	6,579	½-1½
2008										1,220[a]	7,490	0-½
Total	1,975	2,382	2,824	3,318	3,872	4,494	5,247	6,017	6,852	7,799	44,780	

[a] Additions during the year.

following year. Thus the amounts of plant shown at the beginning of each year are the amounts of plant from each placement year considered to be exposed to retirement at the beginning of each successive transaction year. For example, the exposures for the installation year 2003 are calculated in the following manner:

Exposures at age 0	= amount of addition	= $750,000
Exposures at age ½	= $750,000 - $ 8,000	= $742,000
Exposures at age 1½	= $742,000 - $18,000	= $724,000
Exposures at age 2½	= $724,000 - $20,000 - $19,000	= $685,000
Exposures at age 3½	= $685,000 - $22,000	= $663,000

For the entire experience band 1999-2008, the total exposures at the beginning of an age interval are obtained by summing diagonally in a manner similar to the summing of the retirements during an age interval (Table 1). For example, the figure of 3,789, shown as the total exposures at the beginning of age interval 4½-5½, is obtained by summing:

255 + 268 + 284 + 311 + 334 + 374 + 405 + 448 + 501 + 609.

Original Life Table. The original life table, illustrated in Table 4 on page II-17, is developed from the totals shown on the schedules of retirements and exposures, Tables 1 and 3, respectively. The exposures at the beginning of the age interval are obtained from the corresponding age interval of the exposure schedule, and the retirements during the age interval are obtained from the corresponding age interval of the retirement schedule. The retirement ratio is the result of dividing the retirements during the age interval by the exposures at the beginning of the age interval. The percent surviving at the beginning of each age interval is derived from survivor ratios, each of which equals one minus the retire-

TABLE 4. ORIGINAL LIFE TABLE
CALCULATED BY THE RETIREMENT RATE METHOD

Experience Band 1999-2008 Placement Band 1994-2008

(Exposure and Retirement Amounts are in Thousands of Dollars)

Age at Beginning of Interval (1)	Exposures at Beginning of Age Interval (2)	Retirements During Age Interval (3)	Retirement Ratio (4)	Survivor Ratio (5)	Percent Surviving at Beginning of Age Interval (6)
0.0	7,490	80	0.0107	0.9893	100.00
0.5	6,579	153	0.0233	0.9767	98.93
1.5	5,719	151	0.0264	0.9736	96.62
2.5	4,955	150	0.0303	0.9697	94.07
3.5	4,332	146	0.0337	0.9663	91.22
4.5	3,789	143	0.0377	0.9623	88.15
5.5	3,057	131	0.0429	0.9571	84.83
6.5	2,463	124	0.0503	0.9497	81.19
7.5	1,952	113	0.0579	0.9421	77.11
8.5	1,503	105	0.0699	0.9301	72.65
9.5	1,097	93	0.0848	0.9152	67.57
10.5	823	83	0.1009	0.8991	61.84
11.5	531	64	0.1205	0.8795	55.60
12.5	323	44	0.1362	0.8638	48.90
13.5	167	26	0.1557	0.8443	42.24
					35.66
Total	44,780	1,606			

Column 2 from Table 3, Column 12, Plant Exposed to Retirement.
Column 3 from Table 1, Column 12, Retirements for Each Year.
Column 4 = Column 3 divided by Column 2.
Column 5 = 1.0000 minus Column 4.
Column 6 = Column 5 multiplied by Column 6 as of the Preceding Age Interval.

ment ratio. The percent surviving is developed by starting with 100% at age zero and successively multiplying the percent surviving at the beginning of each interval by the survivor ratio, i.e., one minus the retirement ratio for that age interval. The calculations necessary to determine the percent surviving at age 5½ are as follows:

Percent surviving at age 4½	=	88.15				
Exposures at age 4½	=	3,789,000				
Retirements from age 4½ to 5½	=	143,000				
Retirement Ratio	=	143,000	÷	3,789,000	=	0.0377
Survivor Ratio	=	1.000	-	0.0377	=	0.9623
Percent surviving at age 5½	=	(88.15)	x	(0.9623)	=	84.83

The totals of the exposures and retirements (columns 2 and 3) are shown for the purpose of checking with the respective totals in Tables 1 and 3. The ratio of the total retirements to the total exposures, other than for each age interval, is meaningless.

The original survivor curve is plotted from the original life table (column 6, Table 4). When the curve terminates at a percent surviving greater than zero, it is called a stub survivor curve. Survivor curves developed from retirement rate studies generally are stub curves.

Smoothing the Original Survivor Curve. The smoothing of the original survivor curve eliminates any irregularities and serves as the basis for the preliminary extrapolation to zero percent surviving of the original stub curve. Even if the original survivor curve is complete from 100% to zero percent, it is desirable to eliminate any irregularities, as there is still an extrapolation for the vintages which have not yet lived to the age at which the curve reaches zero percent. In this study, the smoothing of the original curve with established type curves was used to eliminate irregularities in the original curve.

The Iowa type curves are used in this study to smooth those original stub curves which are expressed as percents surviving at ages in years. Each original survivor curve

was compared to the Iowa curves using visual and mathematical matching in order to determine the better fitting smooth curves. In Figures 6, 7, and 8, the original curve developed in Table 4 is compared with the L, S, and R Iowa type curves which most nearly fit the original survivor curve. In Figure 6, the L1 curve with an average life between 12 and 13 years appears to be the best fit. In Figure 7, the S0 type curve with a 12-year average life appears to be the best fit and appears to be better than the L1 fitting. In Figure 8, the R1 type curve with a 12-year average life appears to be the best fit and appears to be better than either the L1 or the S0. In Figure 9, the three fittings, 12-L1, 12-S0 and 12-R1 are drawn for comparison purposes. It is probable that the 12-R1 Iowa curve would be selected as the most representative of the plotted survivor characteristics of the group, assuming no contrary relevant factors external to the analysis of historical data.

Field Trips

In order to be familiar with the operation of the Company and to observe representative portions of the plant, field trips were conducted. A general understanding of the function of the plant and information with respect to the reasons for past retirements and the expected future causes of retirements was obtained during this trip. This knowledge and information were incorporated in the interpretation and extrapolation of the statistical analyses.

The plant facilities visited on the most recent field trips in 2004 and 2009 are as follows:

July 14-26, 2009

Jasper Generating Station
Cope Generating Station
Wateree Generating Station
Uptown Substation
Edenwood Substation
Congaree Creek Substation

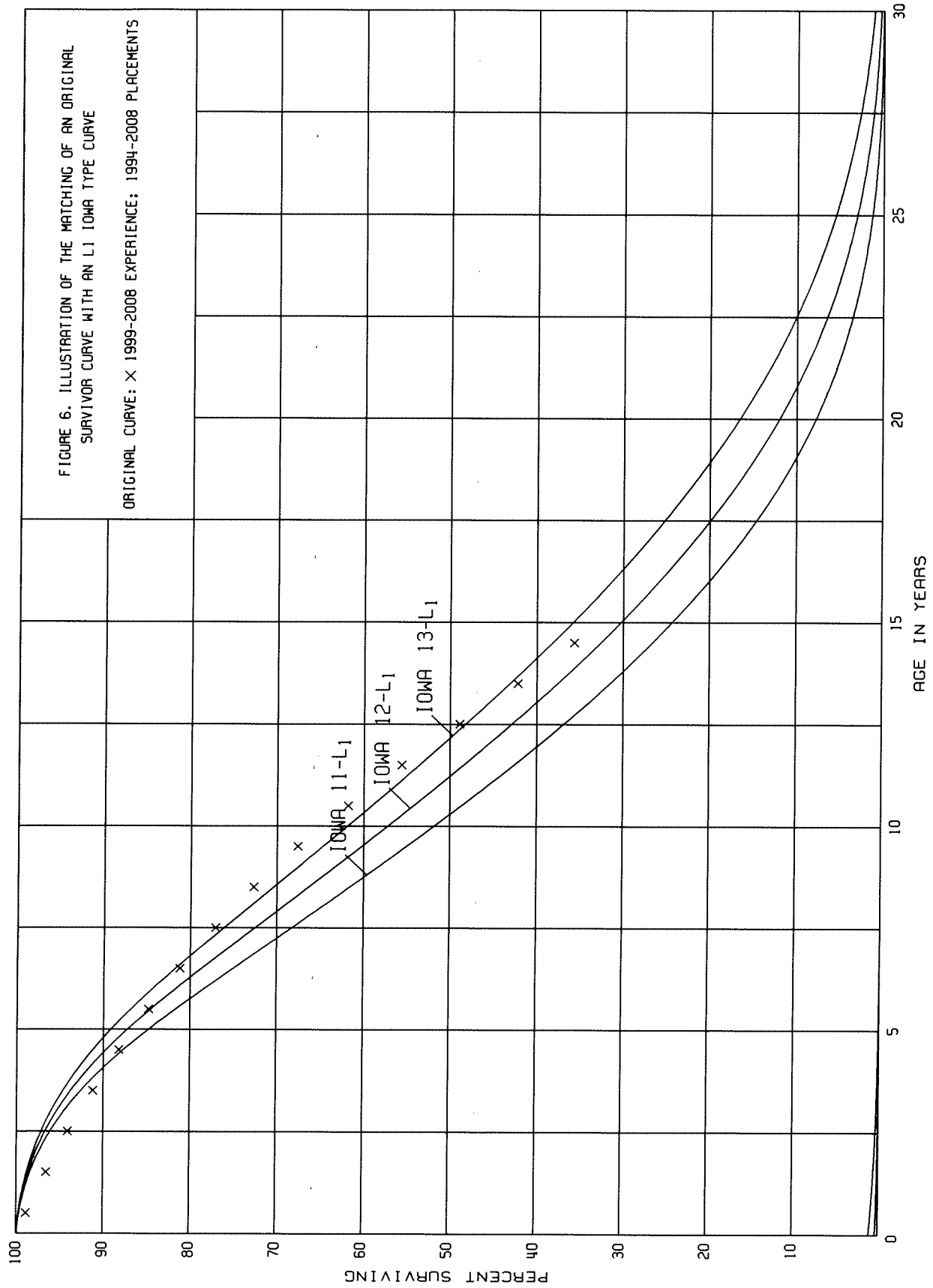
FIGURE 6. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH AN L1 IOWA TYPE CURVE
ORIGINAL CURVE: X 1999-2008 EXPERIENCE; 1994-2008 PLACEMENTS
IOWA 11-L1
IOWA 12-L1
IOWA 13-L1
PERCENT SURVIVING
AGE IN YEARS
100
90
80
70
60
50
40
30
20
10
0
5
10
15
20
25
30

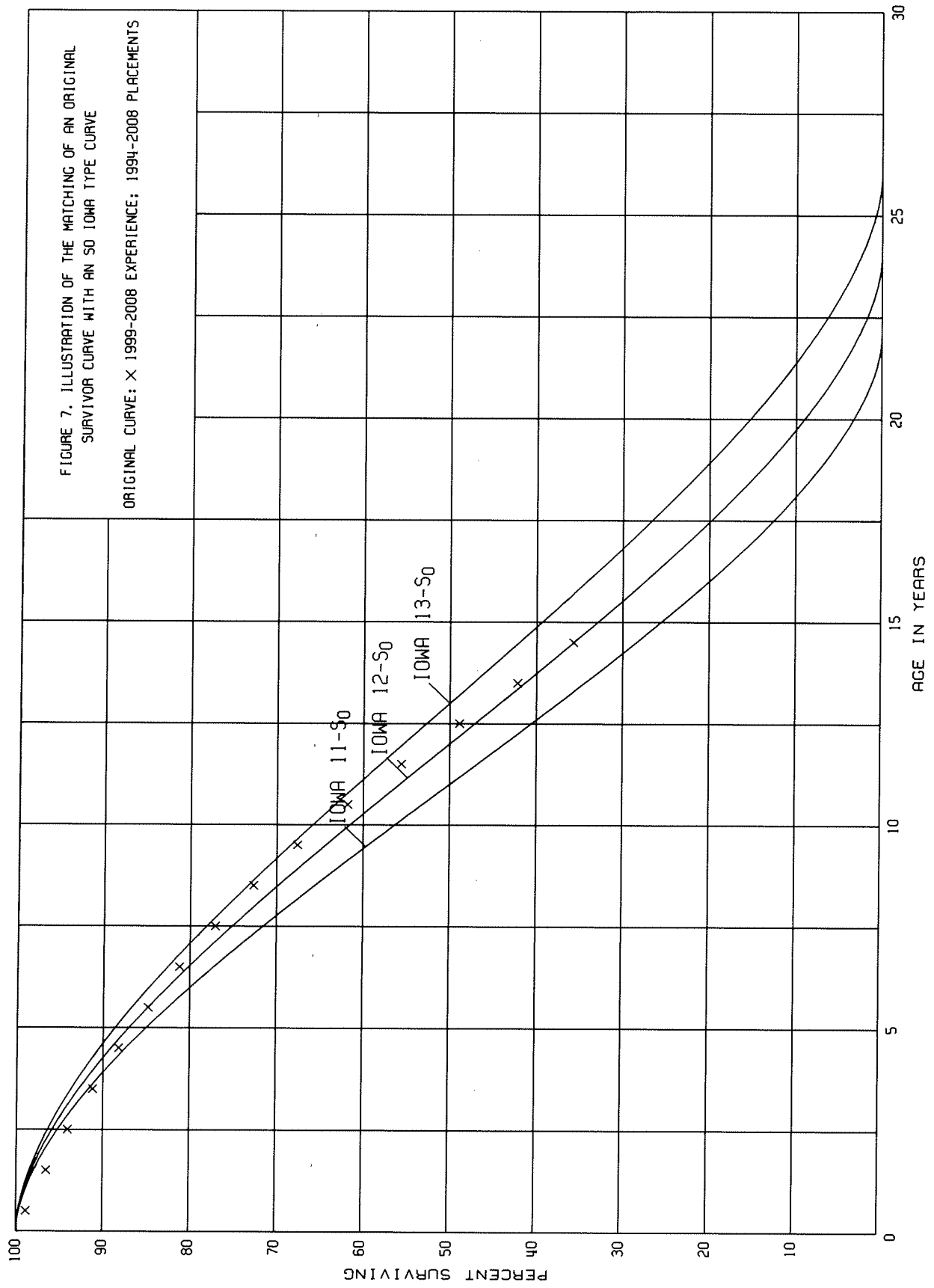
FIGURE 7. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH AN SO IOWA TYPE CURVE
ORIGINAL CURVE: × 1999-2008 EXPERIENCE; 1994-2008 PLACEMENTS
IOWA 11-S0
IOWA 12-S0
IOWA 13-S0
PERCENT SURVIVING
AGE IN YEARS
100
90
80
70
60
50
40
30
20
10
0
5
10
15
20
25
30

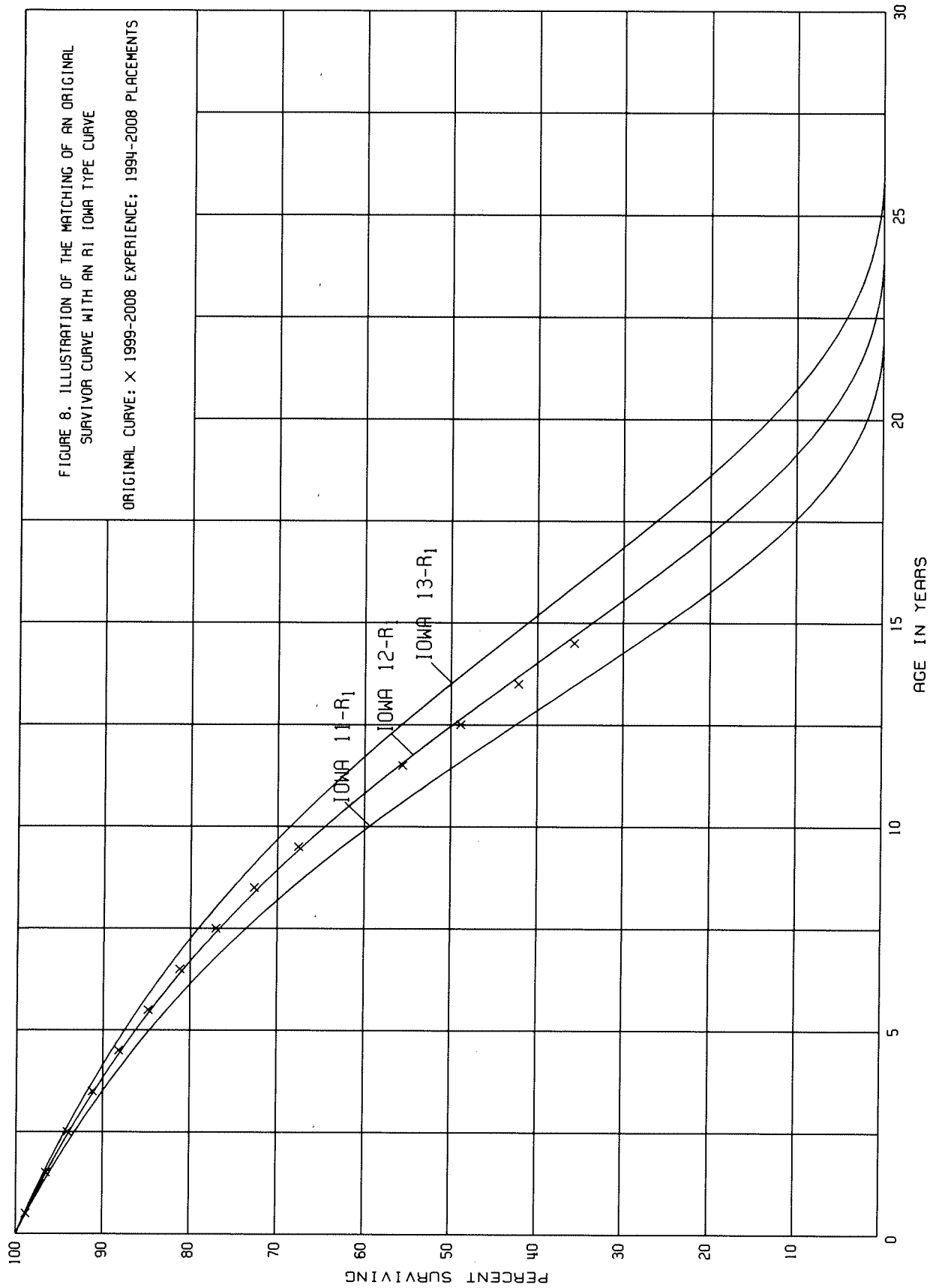
FIGURE 8. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH AN R1 IOWA TYPE CURVE
ORIGINAL CURVE: X 1999-2008 EXPERIENCE; 1994-2008 PLACEMENTS
IOWA 11-R1
IOWA 12-R
IOWA 13-R1
PERCENT SURVIVING
100
90
80
70
60
50
40
30
20
10
0
AGE IN YEARS
5
10
15
20
25
30

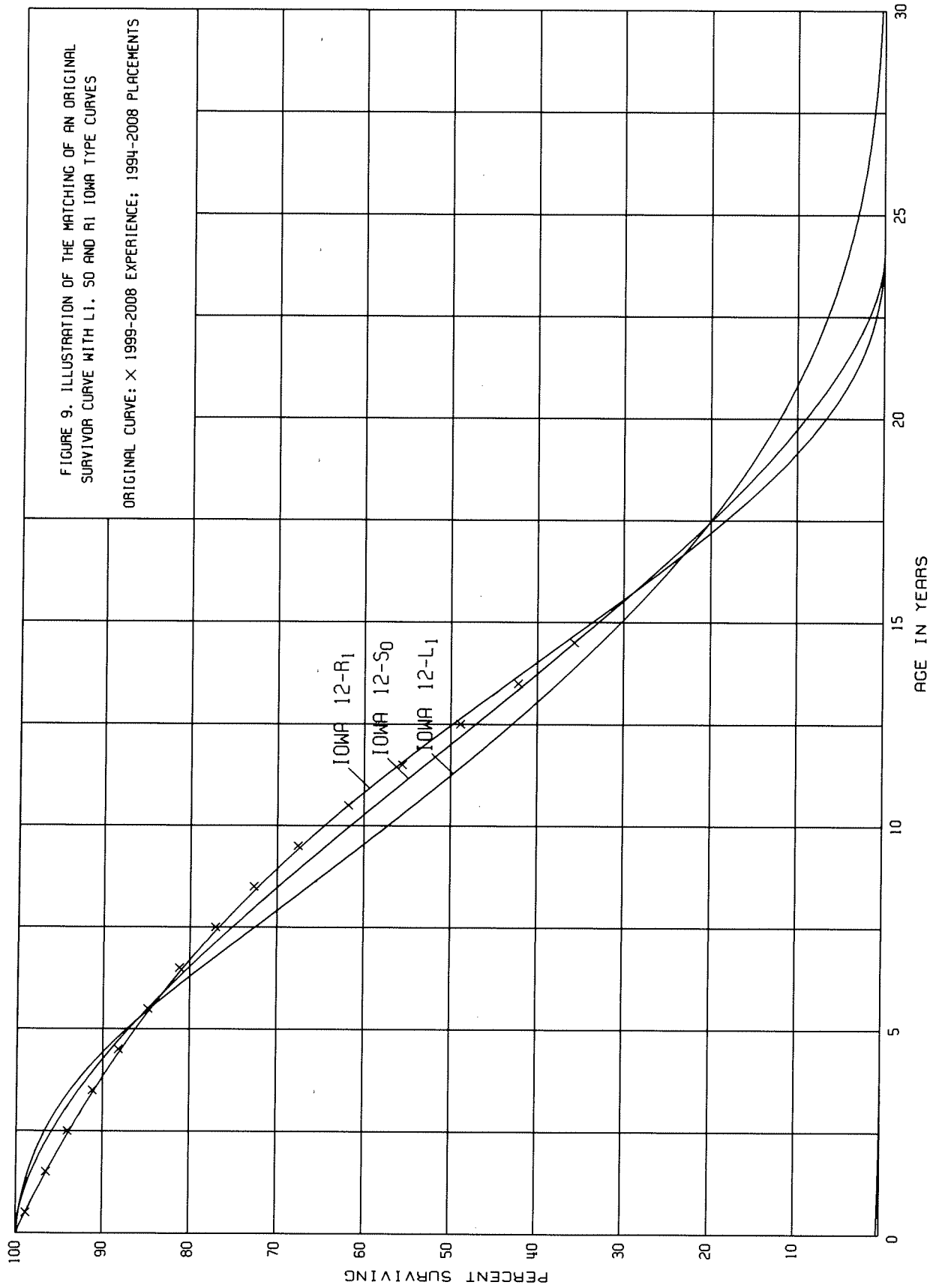
FIGURE 9. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH L1, S0 AND R1 IOWA TYPE CURVES
ORIGINAL CURVE: × 1999-2008 EXPERIENCE; 1994-2008 PLACEMENTS
IOWA 12-R1
IOWA 12-S0
IOWA 12-L1
PERCENT SURVIVING
AGE IN YEARS
100
90
80
70
60
50
40
30
20
10
0
5
10
15
20
25
30

March 30-31, 2004

Cope Generating Station
Williams Generating Station
Hagood CT Turbine Station
Coit Gas Turbine Station
Wateree Generating Station
McMeekin Generating Station
Central Lab
Saluda Hydro Plant

Service Life Considerations

The service life estimates were based on judgment which considered a number of factors. The primary factors were the statistical analyses of data; current Company policies and outlook as determined during conversations with management; and the survivor curve estimates from previous studies of this company and other electric utility companies.

For 26 of the plant accounts and subaccounts for which survivor curves were estimated, the statistical analyses using the retirement rate method resulted in good to excellent indications of the survivor patterns experienced. These accounts represent 67 percent of depreciable plant. Generally, the information external to the statistics led to no significant departure from the indicated survivor curves for the accounts listed below.

STEAM PRODUCTION PLANT

311.00	Structures and Improvements
312.00	Boiler Plant Equipment
314.00	Turbogenerator Units
315.00	Accessory Electric Equipment
316.00	Miscellaneous Plant Equipment

NUCLEAR PRODUCTION PLANT

325.00	Miscellaneous Power Plant Equipment

HYDRAULIC PRODUCTION PLANT

331.00	Structures and Improvements
334.00	Accessory Electric Equipment
335.00	Miscellaneous Power Plant Equipment

OTHER PRODUCTION PLANT
- 341.00 Structures and Improvements
- 342.00 Fuel Holders, Producers & Accessories
- 345.00 Accessory Electric Equipment

TRANSMISSION PLANT
- 352.00 Structures and Improvements
- 353.00 Station Equipment
- 355.00 Poles and Fixtures
- 356.00 Overhead Conductors and Devices

DISTRIBUTION PLANT
- 361.00 Structures and Improvements
- 362.00 Station Equipment
- 364.00 Poles, Towers and Fixtures
- 365.00 Overhead Conductors and Devices
- 366.00 Underground Conduit
- 367.00 Underground Conductors and Devices
- 368.00 Line Transformers
- 369.00 Services - Overhead
- 370.00 Meters
- 373.00 Street Lighting and Signal Systems

Account 368.00, Line Transformers, is used to illustrate the manner in which the study was conducted for the groups in the preceding list. Aged plant accounting data for line transformers have been compiled for the years 1937 through 2008. These data have been coded in the course of the Company's normal record keeping according to account or property group, type of transaction, year in which the transaction took place, and year in which the electric plant was placed in service. The retirements, other plant transactions, and plant additions were analyzed by the retirement rate method.

The survivor curve estimate is based on the statistical indications for the periods 1937 through 2008 and 1989 through 2008. The Iowa 44-R2 is a reasonable fit of the original survivor curve. The 44-year service life is within the typical service life range of 25 to 50 years for line transformers. The 44-year life reflects the Company's plans to continue current practices of replacement for newer technology or high load needs.

For Production Plant, which consists of large generating units, the life span technique was employed in conjunction with the use of interim survivor curves which reflect interim retirements that occur prior to the ultimate retirement of the major unit. An interim survivor curve was estimated for each plant account, inasmuch as the rate of interim retirements differ from account to account. The interim survivor curves estimated for steam, nuclear, hydraulic, and other production plant were based on the retirement rate method of life analysis which incorporated experienced aged retirements through the period 2008.

The life span estimates for power generating stations were the result of considering experienced life spans of similar generating units, the age of surviving units, general operating characteristics of the units, major refurbishing and discussions with management personnel concerning the probable long-term outlook for the units.

The life span estimate for the steam units is 35 to 71 years. The majority of the steam facilities life spans are more than 60 years which is the upper end of the typical range of life spans for such units. The 60-year lifespan for the nuclear facilities include the relicense agreement through 2042. The 96 to 128-year lifespan for the hydraulic production facilities is at the upper end of the typical range. The life span of each facility is determined by condition and Company plans. Life spans of 25 and 68 years were estimated for the combustion turbines. These life span estimates are typical for combustion turbines which are used primarily as peaking units.

A summary of the year in service, life span and probable retirement year for each power production unit follows:

Depreciable Group	Major Year in Service	Probable Retirement Year	Life Span
Steam Production Plant			
Canadys	1962	2025	63
McMeekin and Central Lab	1958	2028	70
Cope	1996	2036	40
Urquhart 3	1954	2025	71
Wateree	1970	2035	65
Jasper	2004	2039	35
Nuclear Production Plant			
V.C. Summer	1982	2042	60
Hydraulic Production Plant			
Fairfield	1978	2078	100
Neal Shoals	1905	2025	120
Parr	1914	2025	109
Saluda	1932	2060	128
Stevens Creek	1929	2025	96
Other Production Plant			
Coit	1969	2018	49
Hagood Unit 4	1991	2025	34
Hardeeville	1968	2018	50
Parr	1970	2022	52
Urquhart 1 and 2	1969	2037	68
Urquhart 3	1969	2020	51
Urquhart 4	1999	2025	26
Urquhart 5 and 6	2002	2037	35
Williams - Bushy Park	1997	2022	25
Jasper	2004	2039	35

The survivor curve estimates for the remaining accounts were based on judgment incorporating the statistical analyses and previous studies for this and other electric utilities.

Salvage Analysis

The estimates of net salvage by account were based in part on historical data compiled through 2008. Cost of removal and salvage were expressed as percents of the original cost of plant retired, both on annual and three-year moving average bases. The

most recent five-year average also was calculated for consideration. The net salvage estimates by account are expressed as a percent of the original cost of plant retired.

Net Salvage Considerations

The estimates of future net salvage are expressed as percentages of surviving plant in service, i.e., all future retirements. In cases in which removal costs are expected to exceed salvage receipts, a negative net salvage percentage is estimated. The net salvage estimates were based on judgment which incorporated analyses of historical cost of removal and salvage data, expectations with respect to future removal requirements and markets for retired equipment and materials.

Statistical analyses of historical data for the period 1987 through 2008 for electric plant were analyzed. The analyses contributed significantly toward the net salvage estimates for 30 plant accounts, representing 86 percent of the depreciable plant, as follows:

Steam Production Plant
- 311.00 Structures and Improvements
- 312.00 Boiler Plant Equipment
- 314.00 Turbogenerator Units
- 315.00 Accessory Electric Equipment
- 316.00 Miscellaneous Power Plant Equipment

Nuclear Production Plant
- 321.00 Structures and Improvements
- 322.00 Reactor Plant Equipment
- 323.00 Turbogenerator Units
- 324.00 Accessory Electric Equipment
- 325.00 Miscellaneous Power Plant Equipment

Hydraulic Production Plant
- 335.00 Miscellaneous Power Plant Equipment

Other Production Plant
- 342.00 Fuel Holders, Producers & Accessories
- 343.00 Prime Movers
- 344.00 Generators
- 345.00 Accessory Electric Equipment
- 346.00 Miscellaneous Power Plant Equipment

Transmission Plant
- 352.00 Structures and Improvements
- 353.00 Station Equipment

Distribution Plant
- 362.00 Station Equipment
- 364.00 Poles, Towers and Fixtures
- 365.00 Overhead Conductors and Devices
- 366.00 Underground Conduit
- 367.00 Underground Conductors and Devices
- 368.00 Line Transformers
- 369.00 Services - Overhead
- 369.10 Services - Underground
- 370.00 Meters
- 373.00 Street Lighting and Signal Systems

General Plant
- 390.10 Structures and Improvements
- 390.20 Structures and Improvements - Warehouse

Account 364.00, Poles, Tower and Fixtures, is used to illustrate the manner in which the study was conducted for the groups in the preceding list. Net salvage data for the period 1987 through 2008 were analyzed for this account. The data include cost of removal, gross salvage and net salvage amounts and each of these amounts is expressed as a percent of the original cost of regular retirements. Three-year moving averages for the 1987-1989 through 2006-2008 periods were computed to smooth the annual amounts.

Cost of removal has fluctuated throughout the twenty-two year period. The primary cause of the fluctuations in cost of removal relates to the amount of poles removed by contractors as compared to Company personnel. The large projects have contractors assigned to remove. Cost of removal for the most recent five years averaged 35 percent.

Gross salvage has also varied widely throughout the period, but has diminished to negligible levels recently. The most recent five-year average of 5 percent gross salvage reflects recent trends toward much lower salvage value of distribution poles and towers.

The net salvage percent based on the overall period 1987 through 2008 is 23 percent negative net salvage and based on the most recent five-year period is 30 percent. The range of estimates made by other electric companies for Poles, Towers and Fixtures is negative 20 to negative 50 percent. The net salvage estimate for poles is negative 25 percent, is within the range of other estimates and reflects movement toward more negative net salvage than the last twenty-two years indicate.

The net salvage percents for the remaining accounts representing 14 percent of plant were based on judgment incorporating estimates of previous studies of this and other electric utilities.

CALCULATION OF ANNUAL AND ACCRUED DEPRECIATION

After the survivor curve and salvage are estimated, the annual depreciation accrual rate can be calculated. In the average service life procedure, the annual accrual rate is computed by the following equation:

$$\textit{Annual Accrual Rate, Percent} = \frac{(100\% - \textit{Net Salvage, Percent})}{\textit{Average Service Life}}.$$

The calculated accrued depreciation for each depreciable property group represents that portion of the depreciable cost of the group which will not be allocated to expense through future depreciation accruals, if current forecasts of life characteristics are used as a basis for straight line depreciation accounting.

The accrued depreciation calculation consists of applying an appropriate ratio to the surviving original cost of each vintage of each account, based upon the attained age and the estimated survivor curve. The accrued depreciation ratios are calculated as follows:

$$\textit{Ratio} = \left(1 - \frac{\textit{Average Remaining Life Expectancy}}{\textit{Average Service Life}}\right)(1 - \textit{Net Salvage, Percent}).$$

The application of these procedures is described for a single unit of property and a group of property units. Salvage is omitted from the description for ease of application.

Single Unit of Property

The calculation of straight line depreciation for a single unit of property is straightforward. For example, if a $1,000 unit of property attains an age of four years and has a life expectancy of six years, the annual accrual over the total life is:

$$\frac{\$1,000}{(4 + 6)} = \$100 \textit{ per year.}$$

The accrued depreciation is:

$$\$1,000 \ (1 - \frac{6}{10}) = \$400.$$

Group Depreciation Procedures

When more than a single item of property is under consideration, a group procedure for depreciation is appropriate because normally all of the items within a group do not have identical service lives, but have lives that are dispersed over a range of time. There are two primary group procedures, namely, average service life and equal life group.

Remaining Life Annual Accruals. For the purpose of calculating remaining life accruals as of December 31, 2008, the depreciation reserve for each plant account is allocated among vintages in proportion to the calculated accrued depreciation for the account. Explanations of remaining life accruals and calculated accrued depreciation follow.

Average Service Life Procedure. In the average service life procedure, the remaining life annual accrual for each vintage is determined by dividing future book accruals (original cost less book reserve) by the average remaining life of the vintage. The average remaining life is a directly weighted average derived from the estimated future survivor curve in accordance with the average service life procedure.

The calculated accrued depreciation for each depreciable property group represents that portion of the depreciable cost of the group which would not be allocated to expense through future depreciation accruals, if current forecasts of life characteristics are used as the basis for such accruals. The accrued depreciation calculation consists of applying an appropriate ratio to the surviving original cost of each vintage of each account, based upon the attained age and service life. The straight line accrued depreciation ratios are calculated as follows for the average service life procedure:

$$Ratio = 1 - \frac{Average\ Remaining\ Life}{Average\ Service\ Life}.$$

CALCULATION OF ANNUAL AND ACCRUED AMORTIZATION

Amortization is the gradual extinguishment of an amount in an account by distributing such amount over a fixed period over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized. Normally, the distribution of the amount is in equal amounts to each year of the amortization period.

The calculation of annual and accrued amortization requires the selection of an amortization period. The amortization periods used in this report were based on judgment which incorporated a consideration of the period during which the assets will render most

of their service, the amortization period and service lives used by other utilities and the service life estimates previously used for the asset under depreciation accounting.

Amortization accounting is proposed for certain General and Common Plant accounts that represent numerous units of property, but a very small portion of depreciable electric plant in service. The accounts and their amortization periods are as follows:

Account		Amortization Period, Years
391.10	Office Furniture and Equipment - Furniture	20
391.20	Office Furniture and Equipment - EDP	5
391.30	Office Furniture and Equipment - Data Handling	20
391.90	Office Furniture and Equipment - Leasehold	20
393	Stores Equipment	25
394	Tools, Shop, Garage Equipment	20
395	Laboratory Equipment	20
397	Communication Equipment	8
398	Miscellaneous Equipment	20
691.10	Office Furniture and Equipment - Furniture	20
691.20	Office Furniture and Equipment - EDP	5
691.30	Office Furniture and Equipment - Data Handling Equip.	20
693	Stores Equipment	25
694	Tools, Shop, Garage Equipment	20
695	Laboratory Equipment	20
697	Communication Equipment	8
698	Miscellaneous Equipment	20

The calculated accrued amortization is equal to the original cost multiplied by the ratio of the vintage's age to its amortization period. The annual amortization amount is determined by dividing the original cost by the period of amortization for the account.

III-1

PART III. RESULTS OF STUDY

PART III. RESULTS OF STUDY

QUALIFICATION OF RESULTS

The calculated annual depreciation accrual rates are the principal results of the study. Continued surveillance and periodic revisions are normally required to maintain continued use of appropriate annual depreciation accrual rates. An assumption that accrual rates can remain unchanged over a long period of time implies a disregard for the inherent variability in service lives and salvage and for the change of the composition of property in service. The annual accrual rates were calculated in accordance with the straight line remaining life method of depreciation using the average service life procedure based on estimates which reflect considerations of current historical evidence and expected future conditions.

The annual depreciation accrual rates are applicable specifically to the electric and common plant in service as of December 31, 2008. For most plant accounts, the application of such rates to future balances that reflect additions subsequent to December 31, 2008, is reasonable for a period of three to five years.

DESCRIPTION OF DEPRECIATION TABULATIONS

A summary of the results of the study, as applied to the original cost of electric and common plant as of December 31, 2008, is presented on pages III-3 through III-10 of this report. The schedule sets forth the original cost, the book depreciation reserve, future accruals, the calculated annual depreciation rate and amount, and the composite remaining life related to electric plant.

SOUTH CAROLINA ELECTRIC & GAS COMPANY
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	ACCOUNT	SURVIVOR CURVE	NET SALVAGE PERCENT	ORIGINAL COST	BOOK RESERVE	FUTURE ACCRUALS	CALCULATED ANNUAL ACCRUAL AMOUNT	CALCULATED ANNUAL ACCRUAL RATE	COMPOSITE REMAINING LIFE
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(7)/(4)	(9)=(6)/(7)
	STEAM PRODUCTION PLANT								
	CANADYS								
311.00	STRUCTURES AND IMPROVEMENTS	80-R1.5 *	(30)	43,063,678.63	18,357,691	37,625,092	2,344,658	5.44	16.0
312.00	BOILER PLANT EQUIPMENT	40-S0 *	(25)	141,985,004.82	64,341,157	113,140,099	7,811,710	5.50	14.5
314.00	TURBOGENERATOR UNITS	50-R2 *	(25)	57,548,223.87	34,396,086	37,539,194	2,462,271	4.28	15.2
315.00	ACCESSORY ELECTRIC EQUIPMENT	55-R3 *	(15)	12,606,444.11	8,441,067	6,056,342	385,873	3.06	15.7
316.00	MISCELLANEOUS POWER PLANT EQUIPMENT	42-R0.5 *	(5)	4,882,614.81	1,644,562	3,482,183	235,009	4.81	14.8
	TOTAL CANADYS			260,085,966.24	127,180,563	197,842,910	13,239,521	5.09	14.9
	CENTRAL LAB								
311.00	STRUCTURES AND IMPROVEMENTS	80-R1.5 *	(30)	3,351,021.86	1,407,322	2,949,008	156,864	4.68	18.8
315.00	ACCESSORY ELECTRIC EQUIPMENT	55-R3 *	(15)	58,757.43	39,525	28,046	1,536	2.61	18.3
316.00	MISCELLANEOUS POWER PLANT EQUIPMENT	42-R0.5 *	(5)	1,770,442.40	241,939	1,617,027	93,435	5.28	17.3
	TOTAL CENTRAL LAB			5,180,221.69	1,688,786	4,594,081	251,835	4.86	18.2
	COPE								
311.00	STRUCTURES AND IMPROVEMENTS	80-R1.5 *	(30)	62,469,270.21	24,229,744	56,980,308	2,182,287	3.49	26.1
312.00	BOILER PLANT EQUIPMENT	40-S0 *	(25)	252,102,337.84	86,011,578	229,116,344	10,511,943	4.17	21.8
312.10	BOILER PLANT EQUIPMENT - SCRUBBER			65,837,250.74					
314.00	TURBOGENERATOR UNITS	50-R2 *	(25)	83,812,936.49	32,603,509	72,162,661	2,912,651	3.48	24.8
315.00	ACCESSORY ELECTRIC EQUIPMENT	55-R3 *	(15)	23,768,898.94	8,578,242	18,755,992	718,205	3.02	26.1
316.00	MISCELLANEOUS POWER PLANT EQUIPMENT	42-R0.5 *	(5)	7,780,106.35	2,287,316	5,881,796	257,659	3.31	22.8
	TOTAL COPE			495,770,800.57	153,710,389	382,897,101	16,582,745	3.34	23.1
	MCMEEKIN								
311.00	STRUCTURES AND IMPROVEMENTS	80-R1.5 *	(30)	19,872,507.90	5,490,534	20,343,723	1,087,404	5.47	18.7
312.00	BOILER PLANT EQUIPMENT	40-S0 *	(25)	108,480,264.89	49,467,513	86,132,822	5,193,492	4.79	16.6
314.00	TURBOGENERATOR UNITS	50-R2 *	(25)	32,372,928.83	8,542,259	31,923,902	1,854,966	5.73	17.2
315.00	ACCESSORY ELECTRIC EQUIPMENT	55-R3 *	(15)	5,486,935.37	3,180,800	3,129,175	170,641	3.11	18.3
316.00	MISCELLANEOUS POWER PLANT EQUIPMENT	42-R0.5 *	(5)	4,027,012.51	1,936,373	2,291,990	134,238	3.33	17.1
	TOTAL MCMEEKIN			170,239,649.50	68,617,479	143,821,612	8,440,741	4.96	17.0
	URQUHART 3								
311.00	STRUCTURES AND IMPROVEMENTS	80-R1.5 *	(30)	16,090,758.28	13,677,611	7,240,376	457,800	2.85	15.8
312.00	BOILER PLANT EQUIPMENT	40-S0 *	(25)	24,648,416.24	8,206,592	22,603,930	1,649,151	6.69	13.7
314.00	TURBOGENERATOR UNITS	50-R2 *	(25)	34,888,745.80	19,487,698	24,123,231	1,579,509	4.53	15.3
315.00	ACCESSORY ELECTRIC EQUIPMENT	55-R3 *	(15)	7,938,179.87	5,693,200	3,435,708	221,332	2.79	15.5
316.00	MISCELLANEOUS POWER PLANT EQUIPMENT	42-R0.5 *	(5)	2,922,125.37	1,024,569	2,043,663	138,529	4.74	14.8
	TOTAL URQUHART 3			86,488,225.56	48,089,670	59,446,908	4,046,321	4.68	14.7
	WATEREE								
311.00	STRUCTURES AND IMPROVEMENTS	80-R1.5 *	(30)	47,530,412.50	22,739,151	39,050,384	1,551,771	3.26	25.2
312.00	BOILER PLANT EQUIPMENT	40-S0 *	(25)	321,638,271.38	100,424,512	301,623,324	13,864,501	4.31	21.8
314.00	TURBOGENERATOR UNITS	50-R2 *	(25)	137,814,449.97	38,213,954	134,054,106	5,482,678	3.98	24.5
315.00	ACCESSORY ELECTRIC EQUIPMENT	55-R3 *	(15)	12,491,915.09	10,017,771	4,347,931	195,772	1.57	22.2
316.00	MISCELLANEOUS POWER PLANT EQUIPMENT	42-R0.5 *	(5)	4,478,386.15	1,544,796	3,157,509	144,229	3.22	21.9
	TOTAL WATEREE			523,953,435.09	172,940,184	482,233,254	21,238,951	4.05	22.7
	JASPER								
312.00	BOILER PLANT EQUIPMENT	40-S0 *	(25)	284,960.37	27,767	328,433	12,608	4.42	26.0
314.00	TURBOGENERATOR UNITS	50-R2 *	(25)	99,405,786.31	9,912,701	114,344,532	4,055,882	4.08	28.2
315.00	ACCESSORY ELECTRIC EQUIPMENT	55-R3 *	(15)	3,842,788.99	530,229	3,888,978	131,785	3.43	29.5
316.00	MISCELLANEOUS POWER PLANT EQUIPMENT	42-R0.5 *	(5)	70,429.58	4,296	69,656	2,719	3.86	25.6
	TOTAL JASPER			103,603,965.25	10,474,993	118,631,599	4,202,994	4.06	28.2
	TOTAL STEAM PRODUCTION PLANT			**1,645,322,263.90**	**582,702,064**	**1,389,467,465**	**68,003,108**	**4.13**	**20.4**

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	ACCOUNT	SURVIVOR CURVE	NET SALVAGE PERCENT	ORIGINAL COST	BOOK RESERVE	FUTURE ACCRUALS	CALCULATED ANNUAL ACCRUAL AMOUNT	CALCULATED ANNUAL ACCRUAL RATE	COMPOSITE REMAINING LIFE
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(7)/(4)	(9)=(6)/(7)
	NUCLEAR PRODUCTION PLANT								
321.00	STRUCTURES AND IMPROVEMENTS	80-S0.5 *	(1)	254,142,612.28	145,058,741	111,625,299	3,706,325	1.46	30.1
322.00	REACTOR PLANT EQUIPMENT	50-S1.5 *	(3)	443,292,776.56	215,776,805	240,814,753	9,236,972	2.08	26.1
323.00	TURBOGENERATOR UNITS	50-S1 *	(5)	90,839,027.70	39,785,176	55,595,801	2,098,775	2.31	26.5
324.00	ACCESSORY ELECTRIC EQUIPMENT	45-S2.5 *	0	99,814,703.66	60,926,659	38,888,045	1,766,747	1.77	22.0
325.00	MISCELLANEOUS POWER PLANT EQUIPMENT	35-L1.5 *	(2)	93,852,313.53	31,666,237	64,063,123	3,046,321	3.25	21.0
	TOTAL NUCLEAR PRODUCTION PLANT			**981,941,433.73**	**493,213,618**	**510,987,021**	**19,855,140**	**2.02**	**25.7**
	HYDRAULIC PRODUCTION PLANT								
	FAIRFIELD								
331.00	STRUCTURES AND IMPROVEMENTS	100-R2 *	(5)	35,496,888.01	14,685,667	22,586,069	388,450	1.09	58.1
332.00	RESERVOIRS, DAMS & WATERWAYS	125-R2.5 *	(5)	76,147,181.22	31,486,335	48,468,206	761,031	1.00	63.7
333.00	WATER WHEELS, TURBINES & GENERATORS	80-R2 *	(10)	67,472,724.26	12,475,421	61,744,577	1,138,682	1.69	54.2
334.00	ACCESSORY ELECTRIC EQUIPMENT	55-O1 *	(5)	6,876,464.86	1,557,651	5,662,635	135,939	1.98	41.7
335.00	MISCELLANEOUS POWER PLANT EQUIPMENT	60-R1 *	(5)	5,272,346.01	1,306,487	4,229,476	97,614	1.85	43.3
336.00	ROADS, RAIL ROADS & BRIDGES	60-R4 *	0	1,328,336.30	616,165	712,172	23,472	1.77	30.3
	TOTAL FAIRFIELD			192,593,940.66	62,127,726	143,403,135	2,545,188	1.32	56.3
	NEAL SHOALS								
331.00	STRUCTURES AND IMPROVEMENTS	100-R2 *	(5)	689,547.95	360,789	363,238	22,418	3.25	16.2
332.00	RESERVOIRS, DAMS & WATERWAYS	125-R2.5 *	(5)	1,352,834.52	1,179,156	241,320	14,721	1.09	16.4
333.00	WATER WHEELS, TURBINES & GENERATORS	80-R2 *	(10)	3,046,058.20	1,094,627	2,256,038	140,814	4.62	16.0
334.00	ACCESSORY ELECTRIC EQUIPMENT	55-O1 *	(5)	329,308.89	125,885	219,890	16,082	4.88	13.7
335.00	MISCELLANEOUS POWER PLANT EQUIPMENT	60-R1 *	(5)	205,429.92	80,093	135,610	8,830	4.30	15.4
336.00	ROADS, RAIL ROADS & BRIDGES	60-R4 *	0	2,645.06	1,688	957	59	2.23	16.2
	TOTAL NEAL SHOALS			5,625,824.54	2,842,238	3,217,053	202,924	3.61	15.9
	PARR								
331.00	STRUCTURES AND IMPROVEMENTS	100-R2 *	(5)	873,306.06	35,290	881,682	55,243	6.33	16.0
332.00	RESERVOIRS, DAMS & WATERWAYS	125-R2.5 *	(5)	3,480,402.16	1,849,315	1,805,108	110,290	3.17	16.4
333.00	WATER WHEELS, TURBINES & GENERATORS	80-R2 *	(10)	930,286.80	642,229	381,087	24,723	2.66	15.4
334.00	ACCESSORY ELECTRIC EQUIPMENT	55-O1 *	(5)	1,144,772.29	509,623	692,387	46,669	4.08	14.8
335.00	MISCELLANEOUS POWER PLANT EQUIPMENT	60-R1 *	(5)	107,631.38	45,768	67,245	4,395	4.08	15.3
336.00	ROADS, RAIL ROADS & BRIDGES	60-R4 *	0	104,502.68	61,239	43,264	2,627	2.51	16.5
	TOTAL PARR			6,640,901.37	3,143,464	3,870,773	243,947	3.67	15.9
	SALUDA								
331.00	STRUCTURES AND IMPROVEMENTS	100-R2 *	(5)	6,948,937.77	2,012,234	5,284,152	112,212	1.61	47.1
332.00	RESERVOIRS, DAMS & WATERWAYS	125-R2.5 *	(5)	21,578,879.12	13,081,985	9,575,839	203,382	0.94	47.1
332.50	RESERVOIRS, DAMS & WATERWAYS - SALUDA BACKUP DAM	125-R2.5 *	0	324,561,892.83	254,543,207	70,018,685	1,392,846	0.43	50.3
333.00	WATER WHEELS, TURBINES & GENERATORS	80-R2 *	(10)	9,543,930.02	4,529,647	5,968,674	143,364	1.50	41.6
334.00	ACCESSORY ELECTRIC EQUIPMENT	55-O1 *	(5)	1,420,630.13	588,052	903,610	24,553	1.73	36.8
335.00	MISCELLANEOUS POWER PLANT EQUIPMENT	60-R1 *	(5)	1,010,807.08	249,240	812,103	19,744	1.95	41.1
336.00	ROADS, RAIL ROADS & BRIDGES	60-R4 *	0	233,526.53	125,095	108,431	2,839	1.22	38.2
	TOTAL SALUDA			365,298,603.48	275,129,460	92,671,494	1,898,940	0.52	48.8
	STEVENS CREEK								
331.00	STRUCTURES AND IMPROVEMENTS	100-R2 *	(5)	2,701,074.58	1,074,957	1,761,174	108,504	4.02	16.2
332.00	RESERVOIRS, DAMS & WATERWAYS	125-R2.5 *	(5)	6,430,155.21	2,347,675	4,403,986	269,137	4.19	16.4
333.00	WATER WHEELS, TURBINES & GENERATORS	80-R2 *	(10)	2,203,044.17	890,887	1,532,463	98,734	4.48	15.5
334.00	ACCESSORY ELECTRIC EQUIPMENT	55-O1 *	(5)	1,477,004.40	659,700	891,155	59,238	4.01	15.0
335.00	MISCELLANEOUS POWER PLANT EQUIPMENT	60-R1 *	(5)	896,694.28	301,498	640,030	41,293	4.61	15.5
336.00	ROADS, RAIL ROADS & BRIDGES	60-R4 *	0	128,811.88	10,578	118,234	7,174	5.57	16.5
	TOTAL STEVENS CREEK			13,836,784.52	5,285,295	9,347,042	584,080	4.22	16.0
	TOTAL HYDRAULIC PRODUCTION PLANT			**583,996,054.57**	**348,528,183**	**252,509,497**	**5,475,079**	**0.94**	**46.1**

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SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND CALCULATED
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	ACCOUNT	SURVIVOR CURVE	NET SALVAGE PERCENT	ORIGINAL COST	BOOK RESERVE	FUTURE ACCRUALS	CALCULATED ANNUAL ACCRUAL AMOUNT	CALCULATED ANNUAL ACCRUAL RATE	COMPOSITE REMAINING LIFE
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(7)/(4)	(9)=(6)/(7)
	OTHER PRODUCTION PLANT								
	COIT								
341.00	STRUCTURES AND IMPROVEMENTS	40-S0.5 *	0	174,938.05	88,160	86,777	9,463	5.41	9.2
342.00	FUEL HOLDERS, PRODUCERS & ACCESSORIES	30-S2 *	(15)	477,349.31	489,172	59,780	7,245	1.52	8.3
343.00	PRIME MOVERS	25-S2.5 *	(5)	916,829.27	684,464	278,206	32,529	3.55	8.6
344.00	GENERATORS	60-S2 *	(5)	3,521,441.84	3,528,065	169,449	18,886	0.54	9.0
345.00	ACCESSORY ELECTRIC EQUIPMENT	40-S1.5 *	(10)	717,755.44	95,199	694,333	74,007	10.31	9.4
346.00	MISCELLANEOUS POWER PLANT EQUIPMENT	35-R2.5 *	0	159,752.20	67,170	92,582	9,983	6.25	9.3
	TOTAL COIT			5,968,066.11	4,952,230	1,381,127	152,113	2.55	9.1
	HAGOOD								
341.00	STRUCTURES AND IMPROVEMENTS	40-S0.5 *	0	3,354,638.34	2,023,066	1,331,574	93,141	2.78	14.3
342.00	FUEL HOLDERS, PRODUCERS & ACCESSORIES	30-S2 *	(15)	807,728.67	601,786	327,102	27,370	3.39	12.0
343.00	PRIME MOVERS	25-S2.5 *	(5)	23,759,732.00	16,075,122	8,872,598	976,614	4.11	9.1
344.00	GENERATORS	60-S2 *	(5)	6,029,195.70	3,874,861	2,455,795	153,387	2.54	16.0
345.00	ACCESSORY ELECTRIC EQUIPMENT	40-S1.5 *	(10)	2,143,587.88	1,389,777	968,170	66,715	3.11	14.5
346.00	MISCELLANEOUS POWER PLANT EQUIPMENT	35-R2.5 *	0	259,356.51	(37,899)	297,257	18,940	7.30	15.7
	TOTAL HAGOOD			36,354,239.10	23,926,713	14,252,496	1,336,167	3.68	10.7
	HARDEEVILLE								
341.00	STRUCTURES AND IMPROVEMENTS	40-S0.5 *	0	57,556.13	49,147	8,410	909	1.58	9.3
342.00	FUEL HOLDERS, PRODUCERS & ACCESSORIES	30-S2 *	(15)	534,349.66	99,218	515,284	56,940	10.66	9.0
343.00	PRIME MOVERS	25-S2.5 *	(5)	798,792.01	280,259	558,473	62,201	7.79	9.0
344.00	GENERATORS	60-S2 *	(5)	1,118,973.80	1,016,637	158,285	18,194	1.63	8.7
345.00	ACCESSORY ELECTRIC EQUIPMENT	40-S1.5 *	(10)	129,105.36	114,449	27,566	3,226	2.50	8.5
346.00	MISCELLANEOUS POWER PLANT EQUIPMENT	35-R2.5 *	0	3,521.67	3,419	103	12	0.34	8.6
	TOTAL HARDEEVILLE			2,642,298.63	1,563,129	1,268,121	141,482	5.35	9.0
	PARR								
341.00	STRUCTURES AND IMPROVEMENTS	40-S0.5 *	0	838,767.07	221,617	617,151	48,753	5.81	12.7
342.00	FUEL HOLDERS, PRODUCERS & ACCESSORIES	30-S2 *	(15)	596,501.62	548,869	137,108	16,500	2.77	8.3
343.00	PRIME MOVERS	25-S2.5 *	(5)	1,948,048.81	463,444	1,582,008	146,731	7.53	10.8
344.00	GENERATORS	60-S2 *	(5)	3,097,263.78	2,779,285	472,844	37,245	1.20	12.7
345.00	ACCESSORY ELECTRIC EQUIPMENT	40-S1.5 *	(10)	1,083,418.68	169,546	1,022,214	77,372	7.14	13.2
346.00	MISCELLANEOUS POWER PLANT EQUIPMENT	35-R2.5 *	0	128,716.80	62,694	66,023	5,468	4.25	12.1
	TOTAL PARR			7,692,716.76	4,245,455	3,897,348	332,069	4.32	11.7
	URQUHART 1 AND 2								
341.00	STRUCTURES AND IMPROVEMENTS	40-S0.5 *	0	489,396.76	26,037	463,359	18,615	3.80	24.9
342.00	FUEL HOLDERS, PRODUCERS & ACCESSORIES	30-S2 *	(15)	166,006.26	68,556	122,351	6,816	4.11	18.0
343.00	PRIME MOVERS	25-S2.5 *	(5)	135,481.17	46,453	95,802	7,416	5.47	12.9
344.00	GENERATORS	60-S2 *	(5)	2,901,135.63	2,195,032	851,160	40,742	1.40	20.9
345.00	ACCESSORY ELECTRIC EQUIPMENT	40-S1.5 *	(10)	91,214.82	29,902	70,434	3,356	3.68	21.0
346.00	MISCELLANEOUS POWER PLANT EQUIPMENT	35-R2.5 *	0	30,939.90	1,191	29,748	1,325	4.28	22.5
	TOTAL URQUHART 1 AND 2			3,814,174.54	2,367,171	1,632,854	78,270	2.05	20.9
	URQUHART 3								
341.00	STRUCTURES AND IMPROVEMENTS	40-S0.5 *	0	10,069.76	4,734	5,336	490	4.87	10.9
342.00	FUEL HOLDERS, PRODUCERS & ACCESSORIES	30-S2 *	(15)	7,717.92	1,051	7,825	690	8.94	11.3
344.00	GENERATORS	60-S2 *	(5)	1,385,102.13	1,413,480	40,877	3,847	0.28	10.6
345.00	ACCESSORY ELECTRIC EQUIPMENT	40-S1.5 *	(10)	9,893.31	5,162	5,721	508	5.13	11.3
	TOTAL URQUHART 3			1,412,783.12	1,424,427	59,759	5,535	0.39	10.8

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	ACCOUNT	SURVIVOR CURVE	NET SALVAGE PERCENT	ORIGINAL COST	BOOK RESERVE	FUTURE ACCRUALS	CALCULATED ANNUAL ACCRUAL AMOUNT	CALCULATED ANNUAL ACCRUAL RATE	COMPOSITE REMAINING LIFE
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(7)/(4)	(9)=(6)/(7)
	URQUHART 4								
341.00	STRUCTURES AND IMPROVEMENTS	40-S0.5 *	0	316,053.48	207,429	108,625	7,174	2.27	15.1
342.00	FUEL HOLDERS, PRODUCERS & ACCESSORIES	30-S2 *	(15)	914,543.07	835,510	216,214	14,865	1.63	14.5
343.00	PRIME MOVERS	25-S2.5 *	(5)	246,291.43	74,503	184,103	12,565	5.10	14.7
344.00	GENERATORS	60-S2 *	(5)	20,816,322.14	8,507,772	13,349,366	816,397	3.92	16.4
345.00	ACCESSORY ELECTRIC EQUIPMENT	40-S1.5 *	(10)	1,223,817.66	247,672	1,098,527	68,336	5.58	16.1
346.00	MISCELLANEOUS POWER PLANT EQUIPMENT	35-R2.5 *	0	7,394.92	1,388	6,006	380	5.14	15.8
	TOTAL URQUHART 4			23,524,422.70	9,874,274	14,962,841	919,717	3.91	16.3
	URQUHART 5 AND 6								
341.00	STRUCTURES AND IMPROVEMENTS	40-S0.5 *	0	4,466,762.94	1,182,975	3,283,788	136,727	3.06	24.0
342.00	FUEL HOLDERS, PRODUCERS & ACCESSORIES	30-S2 *	(15)	3,606,959.88	1,275,293	2,872,711	132,079	3.66	21.7
343.00	PRIME MOVERS	25-S2.5 *	(5)	229,141,942.95	67,955,545	172,643,495	9,371,374	4.09	18.4
344.00	GENERATORS	60-S2 *	(5)	13,461,422.95	1,256,360	12,878,134	463,210	3.44	27.8
345.00	ACCESSORY ELECTRIC EQUIPMENT	40-S1.5 *	(10)	15,361,463.12	4,505,309	12,392,300	495,296	3.22	25.0
346.00	MISCELLANEOUS POWER PLANT EQUIPMENT	35-R2.5 *	0	48,419.85	5,149	43,271	1,751	3.62	24.7
	TOTAL URQUHART 5 AND 6			266,086,971.69	76,180,631	204,113,699	10,600,437	3.98	19.3
	WILLIAMS - BUSHY PARK								
341.00	STRUCTURES AND IMPROVEMENTS	40-S0.5 *	0	568,256.55	(114,924)	683,180	52,827	9.30	12.9
342.00	FUEL HOLDERS, PRODUCERS & ACCESSORIES	30-S2 *	(15)	159,083.07	89,880	93,066	7,424	4.67	12.5
343.00	PRIME MOVERS	25-S2.5 *	(5)	6,347,003.04	3,317,656	3,346,696	289,034	4.55	11.6
344.00	GENERATORS	60-S2 *	(5)	76,680.22	46,621	33,893	2,522	3.29	13.4
345.00	ACCESSORY ELECTRIC EQUIPMENT	40-S1.5 *	(10)	241,816.72	55,298	210,700	16,027	6.63	13.1
346.00	MISCELLANEOUS POWER PLANT EQUIPMENT	35-R2.5 *	0	100,021.36	(2,710)	102,731	7,804	7.80	13.2
	TOTAL WILLIAMS - BUSHY PARK			7,492,860.96	3,391,821	4,470,266	375,638	5.01	11.9
	JASPER								
341.00	STRUCTURES AND IMPROVEMENTS	40-S0.5 *	0	26,422,849.34	2,128,800	24,294,049	941,727	3.56	25.8
342.00	FUEL HOLDERS, PRODUCERS & ACCESSORIES	30-S2 *	(15)	5,976.38	154	6,719	262	4.38	25.6
343.00	PRIME MOVERS	25-S2.5 *	(5)	299,690,198.24	69,810,206	244,864,502	12,063,573	4.03	20.3
344.00	GENERATORS	60-S2 *	(5)	32,913,003.65	3,301,027	31,257,627	1,048,914	3.19	29.8
345.00	ACCESSORY ELECTRIC EQUIPMENT	40-S1.5 *	(10)	26,004,027.10	4,162,080	24,442,349	906,592	3.49	27.0
346.00	MISCELLANEOUS POWER PLANT EQUIPMENT	35-R2.5 *	0	227,706.44	(109,899)	337,605	12,681	5.57	26.6
	TOTAL JASPER			385,263,761.15	79,292,368	325,202,851	14,973,749	3.89	21.7
	TOTAL OTHER PRODUCTION PLANT			**740,252,294.76**	**207,218,219**	**571,241,362**	**28,915,177**	**3.91**	**19.8**
	TRANSMISSION PLANT								
352.00	STRUCTURES AND IMPROVEMENTS								
	V.C. SUMMER - NUCLEAR	65-R2.5 *	(5)	605,051.07	394,824	240,480	8,113	1.34	29.6
	OTHER LOCATIONS	65-R2.5 *	(5)	4,172,618.58	615,144	3,766,102	66,958	1.60	56.2
	TOTAL STRUCTURES AND IMPROVEMENTS			4,777,669.65	1,009,968	4,006,582	75,071	1.57	53.4
353.00	STATION EQUIPMENT								
	V.C. SUMMER - NUCLEAR	60-S0.5 *	(20)	6,409,402.22	4,211,272	3,480,011	128,226	2.00	27.1
	PARR - HYDRO	60-S0.5 *	(20)	375,936.02	143,497	307,627	11,588	3.08	26.5
	FAIRFIELD PUMPED STORAGE	60-S0.5 *	(20)	1,701,140.33	1,039,581	1,001,787	20,295	1.19	49.4
	SALUDA - HYDRO	60-S0.5 *	(20)	7,657,196.70	2,830,682	6,357,954	188,040	2.46	33.8
	STEVENS CREEK - HYDRO	60-S0.5 *	(20)	3,752,032.78	927,258	3,575,181	158,390	4.22	22.6
	NEAL SHOALS - HYDRO	60-S0.5 *	(20)	26,922.21	26,922	5,385	273	1.01	19.7
	OTHER LOCATIONS	60-S0.5	(20)	232,416,914.88	72,928,515	205,971,781	4,221,220	1.82	48.8
	TOTAL STATION EQUIPMENT			252,339,545.14	82,107,727	220,699,726	4,728,032	1.87	46.7

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	ACCOUNT	SURVIVOR CURVE	NET SALVAGE PERCENT	ORIGINAL COST	BOOK RESERVE	FUTURE ACCRUALS	CALCULATED ANNUAL ACCRUAL AMOUNT	CALCULATED ANNUAL ACCRUAL RATE	COMPOSITE REMAINING LIFE
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(7)/(4)	(9)=(6)/(7)
353.10	STATION EQUIPMENT - STEP UP TRANSFORMERS								
	V.C SUMMER - NUCLEAR	60-R3 *	(20)	6,360,413.02	4,246,072	3,386,424	117,056	1.84	28.9
	PARR - HYDRO	60-R3 *	(20)	247,022.59	133,359	163,068	6,424	2.60	25.4
	FAIRFIELD PUMPED STORAGE	60-R3 *	(20)	3,503,525.07	2,067,482	2,136,748	56,708	1.62	37.7
	SALUDA - HYDRO	60-R3 *	(20)	595,189.21	403,491	310,735	12,555	2.11	24.7
	WATEREE - STEAM	60-R3 *	(20)	2,268,699.76	796,298	1,926,143	69,036	3.04	27.9
	MCMEEKIN - STEAM	60-R3 *	(20)	818,644.42	538,454	443,919	23,555	2.88	18.8
	URQUHART - STEAM	60-R3 *	(20)	1,365,809.34	1,084,268	554,703	38,837	2.84	14.3
	CANADYS - STEAM	60-R3 *	(20)	930,901.46	828,822	288,260	27,193	2.92	10.6
	WILLIAMS - STEAM	60-R3 *	(20)	1,808,848.68	541,853	1,628,765	50,191	2.77	32.5
	COPE - STEAM	60-R3 *	(20)	6,020,025.00	1,693,998	5,530,032	127,921	2.12	43.2
	WILLIAMS GT	60-R3 *	(20)	150,417.37	123,262	57,239	3,844	2.56	14.9
	BURTON GT	60-R3 *	(20)	87,054.40	87,655	16,811	4,953	5.69	3.4
	HARDEEVILLE GT	60-R3 *	(20)	47,492.16	40,558	16,433	695	1.46	23.6
	COIT GT	60-R3 *	(20)	118,154.04	108,270	33,515	4,681	3.96	7.2
	URQUHART GT	60-R3 *	(20)	124,338.10	72,911	76,294	12,143	9.77	6.3
	HAGOOD GT	60-R3 *	(20)	1,821,482.80	1,168,818	1,016,961	27,854	1.53	36.5
	STEVENS CREEK - HYDRO	60-R3 *	(20)	403,651.76	197,395	286,987	7,710	1.91	37.2
	JASPER	60-R3 *	(20)	19,100,579.87	2,334,226	20,586,470	420,561	2.20	49.0
	TOTAL STATION EQUIPMENT - STEP UP TRANSFORMERS			45,772,249.05	16,467,192	38,459,507	1,011,917	2.21	38.0
353.80	STATION EQUIPMENT - LEASEHOLD	20-SQ	0	476,945.84	67,314	409,633	34,026	7.13	12.0
354.00	TOWERS AND FIXTURES	65-R4	(25)	5,489,679.03	4,365,671	2,496,429	76,949	1.40	32.4
355.00	POLES AND FIXTURES	53-R2.5	(75)	200,467,665.15	67,651,951	283,166,460	7,058,627	3.52	40.1
355.80	POLES AND FIXTURES - LEASEHOLD	20-SQ	0	157,430.92	62,318	95,113	9,088	5.77	10.5
356.10	OVERHEAD CONDUCTORS AND DEVICES - OVERHEAD	60-S2	(35)	151,140,351.39	53,242,039	150,797,436	3,372,439	2.23	44.7
356.20	OVERHEAD CONDUCTORS AND DEVICES - FIBER OPTIC	60-S2	(35)	2,751,689.27	622,155	3,092,626	61,670	2.24	50.1
356.80	OVERHEAD CONDUCTORS AND DEVICES - LEASEHOLD	20-SQ	0	1,089,444.31	544,193	545,251	53,455	4.91	10.2
357.00	UNDERGROUND CONDUIT	55-R4	0	8,934,430.71	1,403,340	7,531,090	159,788	1.79	47.1
358.00	UNDERGROUND CONDUCTORS & DEVICES	50-R3	0	17,103,241.67	3,899,692	13,203,549	322,583	1.89	40.9
359.00	ROADS AND TRAILS	55-S3	0	65,483.70	8,174	57,310	1,156	1.77	49.6
	TOTAL TRANSMISSION PLANT			**690,565,825.83**	**231,451,734**	**724,560,712**	**16,964,801**	**2.46**	**42.7**
	DISTRIBUTION PLANT								
361.00	STRUCTURES AND IMPROVEMENTS	65-R2.5	(5)	3,926,387.23	567,271	3,555,437	65,444	1.67	54.3
361.80	STRUCTURES AND IMPROVEMENTS - LEASEHOLD	20-SQ	0	66,541.62	27,259	39,283	3,741	5.62	10.5
362.00	STATION EQUIPMENT	60-S0.5	(10)	275,950,223.42	38,297,348	265,247,897	5,542,536	2.01	47.9
362.80	STATION EQUIPMENT - LEASEHOLD	20-SQ	0	1,016,673.26	132,318	884,355	55,535	5.46	15.9
364.00	POLES, TOWERS & FIXTURES	44-R1.5	(25)	315,255,011.20	99,264,260	294,804,507	8,438,577	2.68	34.9
365.00	OVERHEAD CONDUCTORS AND DEVICES	55-R2	(20)	341,969,593.43	137,428,621	272,934,892	6,147,762	1.80	44.4
366.00	UNDERGROUND CONDUIT	43-R3	(10)	106,077,302.58	32,581,609	84,103,422	2,574,099	2.43	32.7
367.00	UNDERGROUND CONDUCTORS & DEVICES	45-S0.5	(10)	299,056,719.29	94,350,977	234,611,413	6,361,522	2.13	36.9
368.00	LINE TRANSFORMERS	44-R2	(10)	358,399,280.21	135,187,931	259,051,276	7,630,505	2.13	33.9
369.00	SERVICES - OVERHEAD	60-R3	(70)	88,595,012.91	46,949,893	103,661,629	2,375,433	2.68	43.6
369.10	SERVICES - UNDERGROUND	65-R3	(30)	131,393,682.14	43,155,389	127,656,399	2,339,539	1.78	54.6
370.00	METERS	44-R1	(3)	134,467,861.59	36,746,147	101,755,746	2,714,443	2.02	37.5
370.30	METERS - AMR	15-S2.5	0	12,537,326.68	621,217	11,916,110	959,470	7.65	12.4
373.00	STREET LIGHTING & SIGNAL SYSTEMS	33-S1	(20)	208,717,698.07	65,062,678	185,398,560	7,506,986	3.60	24.7
	TOTAL DISTRIBUTION PLANT			**2,277,429,313.63**	**730,372,918**	**1,945,620,926**	**52,715,592**	**2.31**	**36.9**

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	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(7)/(4)	(9)=(6)/(7)
	GENERAL PLANT								
390.10	STRUCTURES AND IMPROVEMENTS	37-S0.5	(5)	83,629,962.89	14,627,075	73,184,389	2,207,729	2.64	33.1
390.20	STRUCTURES AND IMPROVEMENTS - WAREHOUSE	25-S2	(5)	2,807,269.20	1,209,310	1,738,323	112,577	4.01	15.4
390.80	STRUCTURES AND IMPROVEMENTS - OFFICE LEASE	20-SQ	0	246,703.50	130,032	116,672	14,351	5.82	8.1
390.90	STRUCTURES AND IMPROVEMENTS - WAREHOUSE LEASE	20-SQ	0	106,998.38	64,252	42,746	9,499	8.88	4.5
391.10	OFFICE FURNITURE AND EQUIPMENT	20-SQ	0	2,330,846.61	722,461	1,608,201	188,447	8.08	8.5
391.20	OFFICE FURNITURE AND EQUIPMENT - EDP	5-SQ	0	2,842,212.02	1,462,071	1,380,141	494,528 **	17.40	2.8
391.21	OFFICE FURNITURE AND EQUIPMENT - EDP (RESERVE AMORTIZATION)				(940,000)	940,000	188,000	***	5.0
391.30	OFFICE FURNITURE AND EQUIPMENT - DATA HANDLING	20-SQ	0	445,194.53	270,937	174,259	18,706	4.20	9.3
391.90	OFFICE FURNITURE AND EQUIPMENT - LEASEHOLD	20-SQ	0	780.64	411	370	148	18.96	2.5
393.00	STORES EQUIPMENT	25-SQ	0	334,530.66	223,463	111,068	9,050	2.71	12.3
394.10	TOOL, SHOP AND GARAGE EQUIPMENT - HAND TOOLS	20-SQ	0	312,721.79	178,928	133,792	10,481	3.35	12.8
394.20	TOOL, SHOP AND GARAGE-EQUIPMENT - LINE-	20-SQ	0	2,259,179.49	784,189	1,474,993	207,584	9.19	7.1
394.30	TOOL, SHOP AND GARAGE EQUIPMENT - SHOP	20-SQ	0	415,754.39	282,515	133,241	8,700	2.09	15.3
394.40	TOOL, SHOP AND GARAGE EQUIPMENT - GARAGE	20-SQ	0	335,596.22	301,062	34,535	2,223	0.66	15.5
395.10	LABORATORY EQUIPMENT - METER TEST	20-SQ	0	2,341,795.80	970,280	1,371,515	252,232	10.77	5.4
395.20	LABORATORY EQUIPMENT - OTHER TEST	20-SQ	0	719,717.57	432,446	287,271	34,621	4.81	8.3
395.30	LABORATORY EQUIPMENT - FIELD TEST	20-SQ	0	3,331,382.51	1,515,624	1,815,760	169,831	5.10	10.7
397.00	COMMUNICATION EQUIPMENT	8-SQ	0	3,443,368.83	359,829	3,083,540	1,382,525	40.15	2.2
398.00	MISCELLANEOUS EQUIPMENT	20-SQ	0	4,028,690.72	775,911	3,252,779	381,071	9.46	8.5
	TOTAL GENERAL PLANT			**109,932,705.75**	**23,370,796**	**90,883,595**	**5,692,303**	**5.18**	**16.0**
	COMMON PLANT								
690.10	STRUCTURES AND IMPROVEMENTS - OFFICE	37-S0.5	(5)	106,156,667.47	15,984,088	95,480,412	2,964,571	2.79	32.2
690.20	STRUCTURES AND IMPROVEMENTS - WAREHOUSE	25-S2	(5)	3,094,929.58	1,060,002	2,189,675	132,748	4.29	16.5
690.80	STRUCTURES AND IMPROVEMENTS - OFFICE LEASE	20-SQ	0	7,995,877.56	2,025,864	5,970,017	866,552	10.84	6.9
690.90	STRUCTURES AND IMPROVEMENTS - WAREHOUSE LEASE	20-SQ	0	282,941.91	23,232	259,710	14,222	5.03	18.3
691.10	OFFICE FURNITURE AND EQUIPMENT	20-SQ	0	8,376,767.78	3,990,319	4,386,448	375,425	4.48	11.7
691.20	OFFICE FURNITURE AND EQUIPMENT - EDP	5-SQ	0	5,397,361.72	2,823,595	2,573,766	1,052,015 **	19.49	2.4
691.21	OFFICE FURNITURE AND EQUIPMENT - EDP (RESERVE AMORTIZATION)				(18,940,000)	18,940,000	3,788,000	***	5.0
691.30	OFFICE FURNITURE AND EQUIPMENT - DATA HANDLING	20-SQ	0	1,893,593.62	1,098,005	795,590	114,710	6.06	6.9
693.00	STORES EQUIPMENT	25-SQ	0	335,539.61	263,598	71,941	11,834	3.53	6.1
694.10	TOOL, SHOP AND GARAGE EQUIPMENT - POWER TOOLS	20-SQ	0	11,175.19	5,275	5,900	769	6.88	7.7
694.30	TOOL, SHOP AND GARAGE EQUIPMENT - SHOP TOOLS	20-SQ	0	273,040.20	116,789	156,251	16,405	6.01	9.5
694.40	TOOL, SHOP AND GARAGE EQUIPMENT - GARAGE	20-SQ	0	1,139,239.77	454,309	684,930	52,844	4.64	13.0
695.20	LABORATORY EQUIPMENT - OTHER TEST	20-SQ	0	126,458.27	64,387	62,071	10,876	8.60	5.7
695.30	LABORATORY EQUIPMENT - FIELD TEST	20-SQ	0	109,871.07	56,153	53,718	7,167	6.52	7.5
697.00	COMMUNICATION EQUIPMENT	8-SQ	0	7,437,947.00	3,835,318	3,602,628	1,026,253	13.80	3.5
697.80	COMMUNICATION EQUIPMENT - LEASEHOLD	8-SQ	0	59,887.46	53,365	6,522	6,522	10.89	1.0
698.00	MISCELLANEOUS EQUIPMENT	20-SQ	0	4,013,455.66	2,035,525	1,977,929	259,250	6.46	7.6
	TOTAL COMMON PLANT			**146,704,753.87**	**14,949,824**	**137,217,508**	**10,700,163**	**7.29**	**12.8**

SOUTH CAROLINA ELECTRIC & GAS COMPANY
SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND CALCULATED
ANNUAL DEPRECIATION RATES AS OF DECEMBER 31, 2008

	ACCOUNT	SURVIVOR CURVE	NET SALVAGE PERCENT	ORIGINAL COST	BOOK RESERVE	FUTURE ACCRUALS	CALCULATED ANNUAL ACCRUAL AMOUNT	CALCULATED ANNUAL ACCRUAL RATE	COMPOSITE REMAINING LIFE
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(7)/(4)	(9)=(6)/(7)
	NONDEPRECIABLE PLANT AND ACCOUNTS NOT STUDIED								
301.00	ORGANIZATION			14,988.33	14,988				
302.00	FRANCHISES AND CONSENTS			4,643,673.29	2,239,802				
302.20	FRANCHISES AND CONSENTS - NUCLEAR			8,564,832.09	1,050,163				
303.00	MISCELLANEOUS INTANGIBLE PLANT			38,597,469.99	31,986,957				
303.20	MISCELLANEOUS INTANGIBLE PLANT - NUCLEAR			21,620,938.20	15,511,812				
310.00	LAND OWNED IN FEE			12,526,448.04					
320.10	LAND OWNED IN FEE			877,990.92					
330.10	LAND OWNED IN FEE			29,474,904.55					
340.10	LAND OWNED IN FEE			2,822,850.47					
341.00	FABER PLACE - STRUCTURES AND IMPROVEMENTS			17,058.85	(34,550)	51,609			
345.00	BURTON - ACCESSORY ELECTRIC EQUIPMENT			44,737.90	4,362	44,850			
345.00	FABER PLACE - ACCESSORY ELECTRIC EQUIPMENT			15,803.15	(5,486)	22,869			
346.00	FABER PLACE - MISCELLANEOUS POWER PLANT EQUIPMENT			16,598.34	1,094	15,504			
350.10	LAND OWNED IN FEE			4,317,342.33					
350.20	LAND RIGHTS AND EASEMENTS			39,239,515.73					
360.10	LAND OWNED IN FEE			16,098,564.78					
360.20	LAND RIGHTS AND EASEMENTS			27,991,425.38					
389.10	LAND OWNED IN FEE			5,028,919.92					
	TOTAL NONDEPRECIABLE PLANT			**211,914,062.26**	**50,769,142**	**134,832**			
	TOTAL ELECTRIC PLANT			**7,388,058,708.30**	**2,682,576,498**	**5,622,622,918**	**208,321,363**	**2.82**	**27.0**

* Curve shown is interim survivor curve. Each facility in the account is assigned an individual probable retirement year.

** Annual accrual rate for 2009 and subsequent vintage will be 20%

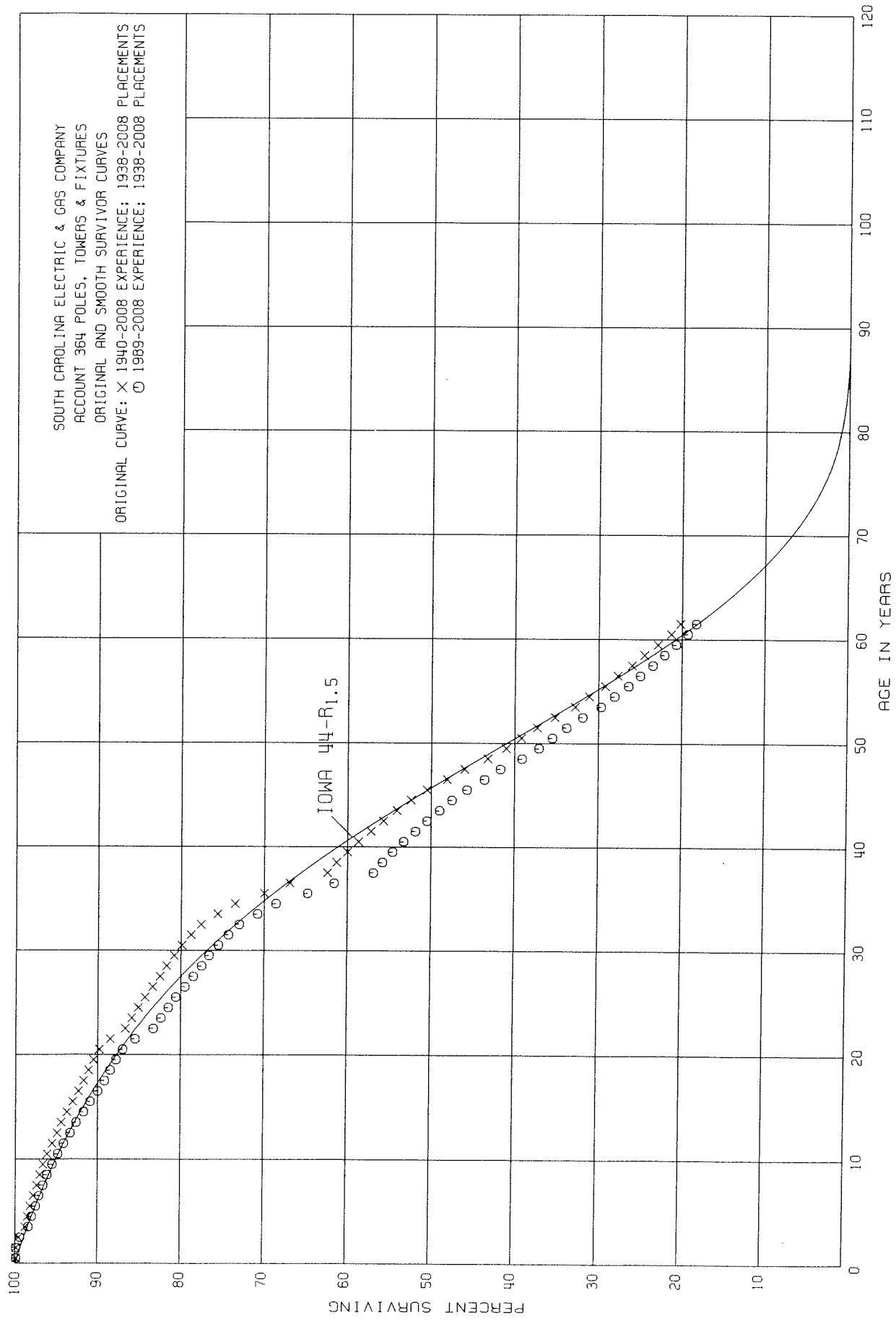
*** 5-Year amortization of unrecovered reserve

SOUTH CAROLINA ELECTRIC & GAS COMPANY

ESTIMATED SURVIVOR CURVES, NET SALVAGE AND CALCULATED
ANNUAL DEPRECIATION ACCRUAL RATES FOR THE COMBUSTION TURBINE UNITS 5 & 6
AT THE HAGOOD FACILITY TO BE COMPLETED DURING 2009

	ACCOUNT (1)	SURVIVOR CURVE (2)		NET SALVAGE PERCENT (3)	CALCULATED ANNUAL ACCRUAL RATE (4)
	OTHER PRODUCTION PLANT				
	HAGOOD CT UNITS 5 & 6				
341.00	STRUCTURES AND IMPROVEMENTS	40-S0.5	*	0	4.06
342.00	FUEL HOLDERS, PRODUCERS & ACCESSORIES	30-S2	*	(15)	4.46
343.00	PRIME MOVERS	25-S2.5	*	(5)	4.65
344.00	GENERATORS	60-S2	*	(5)	3.02
345.00	ACCESSORY ELECTRIC EQUIPMENT	40-S1.5	*	(10)	3.76
346.00	MISCELLANEOUS POWER PLANT EQUIPMENT	35-R2.5	*	0	4.02

* Indicates probable retirement date of 2044.


SOUTH CAROLINA ELECTRIC & GAS COMPANY
ACCOUNT 364 POLES, TOWERS & FIXTURES
ORIGINAL AND SMOOTH SURVIVOR CURVES
ORIGINAL CURVE: X 1940-2008 EXPERIENCE; 1938-2008 PLACEMENTS
O 1989-2008 EXPERIENCE; 1938-2008 PLACEMENTS
IOWA 44-R1.5
PERCENT SURVIVING
AGE IN YEARS
100
90
80
70
60
50
40
30
20
10
0
10
20
30
40
50
60
70
80
90
100
110
120

SOUTH CAROLINA ELECTRIC & GAS COMPANY

ACCOUNT 364 POLES, TOWERS & FIXTURES

ORIGINAL LIFE TABLE

PLACEMENT BAND 1938-2008 EXPERIENCE BAND 1940-2008

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	349,864,306	1,621	0.0000	1.0000	100.00
0.5	338,590,591	346,908	0.0010	0.9990	100.00
1.5	311,106,500	1,079,721	0.0035	0.9965	99.90
2.5	287,645,647	2,215,145	0.0077	0.9923	99.55
3.5	269,424,807	843,849	0.0031	0.9969	98.78
4.5	249,002,326	813,852	0.0033	0.9967	98.47
5.5	231,380,903	859,206	0.0037	0.9963	98.15
6.5	214,799,256	801,463	0.0037	0.9963	97.79
7.5	203,794,108	813,881	0.0040	0.9960	97.43
8.5	190,643,264	871,065	0.0046	0.9954	97.04
9.5	177,806,156	993,020	0.0056	0.9944	96.59
10.5	166,205,213	935,172	0.0056	0.9944	96.05
11.5	155,484,582	990,876	0.0064	0.9936	95.51
12.5	144,577,655	810,275	0.0056	0.9944	94.90
13.5	134,573,506	950,359	0.0071	0.9929	94.37
14.5	124,782,285	879,082	0.0070	0.9930	93.70
15.5	116,994,008	893,834	0.0076	0.9924	93.04
16.5	107,847,108	747,362	0.0069	0.9931	92.33
17.5	100,307,188	646,919	0.0064	0.9936	91.69
18.5	92,677,878	640,323	0.0069	0.9931	91.10
19.5	86,728,899	635,420	0.0073	0.9927	90.47
20.5	80,807,572	1,152,224	0.0143	0.9857	89.81
21.5	73,696,277	1,538,868	0.0209	0.9791	88.53
22.5	66,877,415	628,301	0.0094	0.9906	86.68
23.5	61,148,963	559,449	0.0091	0.9909	85.87
24.5	56,588,145	513,452	0.0091	0.9909	85.09
25.5	52,555,840	575,254	0.0109	0.9891	84.32
26.5	48,572,152	531,030	0.0109	0.9891	83.40
27.5	45,259,357	463,593	0.0102	0.9898	82.49
28.5	41,827,074	416,796	0.0100	0.9900	81.65
29.5	38,562,576	466,291	0.0121	0.9879	80.83
30.5	35,515,637	462,206	0.0130	0.9870	79.85
31.5	32,664,388	496,604	0.0152	0.9848	78.81
32.5	29,577,329	769,564	0.0260	0.9740	77.61
33.5	26,803,923	728,573	0.0272	0.9728	75.59
34.5	23,634,128	1,129,042	0.0478	0.9522	73.53
35.5	20,233,311	906,452	0.0448	0.9552	70.02
36.5	17,140,541	1,158,291	0.0676	0.9324	66.88
37.5	14,686,527	259,920	0.0177	0.9823	62.36
38.5	13,959,324	281,385	0.0202	0.9798	61.26

SOUTH CAROLINA ELECTRIC & GAS COMPANY

ACCOUNT 364 POLES, TOWERS & FIXTURES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1938-2008 EXPERIENCE BAND 1940-2008

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	13,133,738	299,458	0.0228	0.9772	60.02
40.5	11,714,190	287,274	0.0245	0.9755	58.65
41.5	10,421,587	275,086	0.0264	0.9736	57.21
42.5	9,362,806	271,053	0.0289	0.9711	55.70
43.5	8,477,437	265,760	0.0313	0.9687	54.09
44.5	7,642,060	284,528	0.0372	0.9628	52.40
45.5	6,804,871	313,154	0.0460	0.9540	50.45
46.5	5,941,327	260,232	0.0438	0.9562	48.13
47.5	5,148,792	310,869	0.0604	0.9396	46.02
48.5	4,332,797	229,547	0.0530	0.9470	43.24
49.5	3,747,659	160,187	0.0427	0.9573	40.95
50.5	3,310,355	158,322	0.0478	0.9522	39.20
51.5	2,833,198	161,216	0.0569	0.9431	37.33
52.5	2,342,793	161,423	0.0689	0.9311	35.21
53.5	1,817,431	93,353	0.0514	0.9486	32.78
54.5	1,458,653	90,930	0.0623	0.9377	31.10
55.5	1,051,980	54,057	0.0514	0.9486	29.16
56.5	765,599	45,708	0.0597	0.9403	27.66
57.5	557,736	33,413	0.0599	0.9401	26.01
58.5	397,683	26,070	0.0656	0.9344	24.45
59.5	267,606	18,079	0.0676	0.9324	22.85
60.5	162,415	8,298	0.0511	0.9489	21.31
61.5	85,942	4,515	0.0525	0.9475	20.22
62.5	38,077	1,432	0.0376	0.9624	19.16
63.5	21,183	432	0.0204	0.9796	18.44
64.5	11,834	37	0.0031	0.9969	18.06
65.5	8,341	72	0.0086	0.9914	18.00
66.5	2,074		0.0000	1.0000	17.85
67.5	510		0.0000	1.0000	17.85
68.5					17.85

SOUTH CAROLINA ELECTRIC & GAS COMPANY

ACCOUNT 364 POLES, TOWERS & FIXTURES

ORIGINAL LIFE TABLE

PLACEMENT BAND 1938-2008 EXPERIENCE BAND 1989-2008

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	256,663,845	1,621	0.0000	1.0000	100.00
0.5	251,637,561	346,908	0.0014	0.9986	100.00
1.5	231,091,483	1,079,721	0.0047	0.9953	99.86
2.5	214,066,284	2,215,145	0.0103	0.9897	99.39
3.5	202,058,571	843,849	0.0042	0.9958	98.37
4.5	186,885,112	813,852	0.0044	0.9956	97.96
5.5	173,631,187	859,206	0.0049	0.9951	97.53
6.5	161,013,910	801,463	0.0050	0.9950	97.05
7.5	153,802,751	813,881	0.0053	0.9947	96.56
8.5	144,206,676	871,065	0.0060	0.9940	96.05
9.5	134,807,548	993,020	0.0074	0.9926	95.47
10.5	126,292,033	935,172	0.0074	0.9926	94.76
11.5	118,477,036	990,876	0.0084	0.9916	94.06
12.5	110,762,238	810,275	0.0073	0.9927	93.27
13.5	103,261,505	950,359	0.0092	0.9908	92.59
14.5	96,573,513	879,082	0.0091	0.9909	91.74
15.5	91,724,397	893,834	0.0097	0.9903	90.91
16.5	85,395,735	747,362	0.0088	0.9912	90.03
17.5	80,421,808	646,919	0.0080	0.9920	89.24
18.5	74,960,677	640,323	0.0085	0.9915	88.53
19.5	70,996,876	635,420	0.0089	0.9911	87.78
20.5	66,639,213	1,152,224	0.0173	0.9827	87.00
21.5	60,893,654	1,538,868	0.0253	0.9747	85.49
22.5	55,165,493	628,301	0.0114	0.9886	83.33
23.5	50,323,807	559,449	0.0111	0.9889	82.38
24.5	46,595,485	513,452	0.0110	0.9890	81.47
25.5	43,372,005	575,254	0.0133	0.9867	80.57
26.5	40,195,908	531,030	0.0132	0.9868	79.50
27.5	37,699,904	463,593	0.0123	0.9877	78.45
28.5	35,057,338	416,796	0.0119	0.9881	77.49
29.5	32,506,019	466,291	0.0143	0.9857	76.57
30.5	30,095,379	462,206	0.0154	0.9846	75.48
31.5	27,875,311	496,604	0.0178	0.9822	74.32
32.5	25,347,699	769,564	0.0304	0.9696	73.00
33.5	23,276,624	728,573	0.0313	0.9687	70.78
34.5	20,739,007	1,129,042	0.0544	0.9456	68.56
35.5	17,960,810	906,452	0.0505	0.9495	64.83
36.5	15,401,462	1,158,291	0.0752	0.9248	61.56
37.5	13,330,963	259,920	0.0195	0.9805	56.93
38.5	12,913,402	281,385	0.0218	0.9782	55.82

SOUTH CAROLINA ELECTRIC & GAS COMPANY

ACCOUNT 364 POLES, TOWERS & FIXTURES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1938-2008 EXPERIENCE BAND 1989-2008

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	12,364,005	299,458	0.0242	0.9758	54.60
40.5	11,203,562	287,274	0.0256	0.9744	53.28
41.5	10,138,205	275,086	0.0271	0.9729	51.92
42.5	9,235,576	271,053	0.0293	0.9707	50.51
43.5	8,392,175	265,760	0.0317	0.9683	49.03
44.5	7,577,731	284,528	0.0375	0.9625	47.48
45.5	6,751,219	313,154	0.0464	0.9536	45.70
46.5	5,903,167	260,232	0.0441	0.9559	43.58
47.5	5,124,935	310,869	0.0607	0.9393	41.66
48.5	4,320,941	229,547	0.0531	0.9469	39.13
49.5	3,743,195	160,187	0.0428	0.9572	37.05
50.5	3,310,355	158,322	0.0478	0.9522	35.46
51.5	2,833,198	161,216	0.0569	0.9431	33.77
52.5	2,342,793	161,423	0.0689	0.9311	31.85
53.5	1,817,431	93,353	0.0514	0.9486	29.66
54.5	1,458,653	90,930	0.0623	0.9377	28.14
55.5	1,051,980	54,057	0.0514	0.9486	26.39
56.5	765,599	45,708	0.0597	0.9403	25.03
57.5	557,736	33,413	0.0599	0.9401	23.54
58.5	397,683	26,070	0.0656	0.9344	22.13
59.5	267,606	18,079	0.0676	0.9324	20.68
60.5	162,415	8,298	0.0511	0.9489	19.28
61.5	85,942	4,515	0.0525	0.9475	18.29
62.5	38,077	1,432	0.0376	0.9624	17.33
63.5	21,183	432	0.0204	0.9796	16.68
64.5	11,834	37	0.0031	0.9969	16.34
65.5	8,341	72	0.0086	0.9914	16.29
66.5	2,074		0.0000	1.0000	16.15
67.5	510		0.0000	1.0000	16.15
68.5					16.15

SOUTH CAROLINA ELECTRIC & GAS COMPANY

ACCOUNT 364 POLES, TOWERS & FIXTURES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 44-R1.5						
NET SALVAGE PERCENT.. -25						
1940	509.93	557	637			
1941	1,564.30	1,696	1,949	6	5.83	1
1942	6,194.00	6,669	7,664	79	6.10	13
1943	3,456.43	3,693	4,244	77	6.39	12
1944	8,917.72	9,457	10,868	279	6.67	42
1945	15,461.35	16,269	18,696	631	6.96	91
1946	43,350.12	45,247	51,997	2,191	7.26	302
1947	68,175.67	70,579	81,108	4,112	7.56	544
1948	87,112.22	89,410	102,748	6,142	7.87	780
1949	104,006.44	105,840	121,629	8,379	8.18	1,024
1950	126,640.34	127,717	146,770	11,530	8.50	1,356
1951	162,155.71	162,054	186,229	16,466	8.82	1,867
1952	232,323.66	229,942	264,245	26,160	9.16	2,856
1953	315,742.89	309,468	355,634	39,045	9.50	4,110
1954	265,424.72	257,495	295,908	35,873	9.85	3,642
1955	363,939.41	349,473	401,607	53,317	10.20	5,227
1956	329,189.45	312,648	359,289	52,198	10.57	4,938
1957	318,834.82	299,346	344,002	54,542	10.95	4,981
1958	277,117.26	257,130	295,489	50,908	11.34	4,489
1959	355,591.63	325,900	374,518	69,972	11.74	5,960
1960	505,125.59	457,076	525,262	106,145	12.15	8,736
1961	532,303.37	475,280	546,182	119,197	12.57	9,483
1962	550,389.83	484,549	556,834	131,153	13.01	10,081
1963	552,662.13	479,642	551,195	139,633	13.45	10,382
1964	569,616.72	486,951	559,594	152,427	13.91	10,958
1965	614,315.70	516,947	594,065	173,830	14.38	12,088
1966	783,695.46	648,802	745,590	234,029	14.86	15,749
1967	1,005,328.62	817,960	939,983	316,678	15.36	20,617
1968	1,120,089.69	895,372	1,028,943	371,169	15.86	23,403
1969	544,201.49	426,994	490,693	189,559	16.38	11,573
1970	467,283.00	359,633	413,283	170,821	16.91	10,102
1971	1,295,723.38	977,299	1,123,092	496,562	17.45	28,456
1972	2,186,317.76	1,614,869	1,855,774	877,123	18.00	48,729
1973	2,271,774.47	1,641,925	1,886,867	952,851	18.56	51,339
1974	2,441,221.86	1,724,113	1,981,315	1,070,212	19.14	55,915
1975	2,003,842.06	1,382,150	1,588,338	916,465	19.72	46,474
1976	2,590,455.33	1,742,729	2,002,709	1,235,360	20.32	60,795
1977	2,389,042.25	1,566,316	1,799,978	1,186,325	20.92	56,708

SOUTH CAROLINA ELECTRIC & GAS COMPANY

ACCOUNT 364 POLES, TOWERS & FIXTURES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 44-R1.5						
NET SALVAGE PERCENT.. -25						
1978	2,580,648.33	1,646,776	1,892,441	1,333,369	21.54	61,902
1979	2,847,701.54	1,765,931	2,029,372	1,530,255	22.17	69,024
1980	2,968,691.24	1,787,894	2,054,611	1,656,253	22.80	72,643
1981	2,781,764.36	1,623,855	1,866,101	1,611,104	23.45	68,704
1982	3,408,434.00	1,925,765	2,213,050	2,047,493	24.11	84,923
1983	3,518,852.71	1,922,173	2,208,922	2,189,644	24.77	88,399
1984	4,001,369.26	2,109,722	2,424,449	2,577,263	25.44	101,308
1985	5,100,150.70	2,590,877	2,977,383	3,397,805	26.12	130,084
1986	5,279,993.71	2,578,617	2,963,294	3,636,698	26.81	135,647
1987	5,959,071.57	2,791,825	3,208,308	4,240,531	27.51	154,145
1988	5,285,906.80	2,369,408	2,722,875	3,884,509	28.22	137,651
1989	5,308,656.35	2,272,768	2,611,819	4,024,001	28.93	139,094
1990	6,982,391.37	2,846,197	3,270,791	5,457,198	29.65	184,054
1991	6,792,557.06	2,630,418	3,022,823	5,467,873	30.37	180,042
1992	8,253,066.08	3,022,685	3,473,608	6,842,725	31.11	219,953
1993	6,909,194.84	2,384,536	2,740,260	5,896,234	31.85	185,125
1994	8,840,862.93	2,865,545	3,293,026	7,758,053	32.59	238,050
1995	9,193,873.61	2,784,594	3,199,998	8,292,344	33.34	248,721
1996	9,916,051.15	2,788,889	3,204,934	9,190,130	34.10	269,505
1997	9,785,459.13	2,540,550	2,919,548	9,312,276	34.86	267,134
1998	10,607,923.50	2,526,012	2,902,841	10,357,063	35.62	290,765
1999	11,966,043.05	2,583,170	2,968,526	11,989,028	36.40	329,369
2000	12,336,962.12	2,393,371	2,750,413	12,670,790	37.17	340,888
2001	10,203,685.80	1,751,208	2,012,452	10,742,155	37.96	282,986
2002	15,722,440.70	2,344,609	2,694,377	16,958,674	38.75	437,643
2003	16,807,571.16	2,130,360	2,448,166	18,561,298	39.54	469,431
2004	19,578,631.46	2,036,178	2,339,934	22,133,355	40.34	548,670
2005	16,005,695.23	1,300,463	1,494,466	18,512,653	41.14	449,992
2006	22,381,131.70	1,303,701	1,498,187	26,478,228	41.95	631,185
2007	27,141,646.72	949,958	1,091,672	32,835,386	42.77	767,720
2008	11,279,486.24	131,124	150,685	13,948,673	43.59	319,997
	315,255,011.20	86,378,376	99,264,260	294,804,507		8,438,577
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					34.9	2.68